SUMITOMO CHEMICAL

SUSTAINABILITY DATA BOOK 2023

CHANGE AND INNOVATION
with the Power of Chemistry

Contents

Editorial Policy

The Sustainability Data Book complements Sumitomo Chemical's Annual Report, presenting information deemed important to both the Sumitomo Chemical Group and its stakeholders. The data book principally offers sustainability information about the Group companies from environmental, social, and governance (ESG) perspectives. Regarding quantitative information, assurance is provided on the indicators labeled with a star★ by KPMG AZSA Sustainability Co., Ltd. (Regarding other disclosed information, please check pages 238–240, "Calculation Standards for Environmental and Social Data Indicators," wherein a summary of data collection and calculation methods is presented.)

Sumitomo Chemical hopes that its reports can act as a tool for communication with all its stakeholders that enriches their understanding of the Company and its Group companies.

Sumitomo Chemical's Three Reports

Annual Report

This integrated report summarizes our business strengths, strategies, issues, and performance with the aim of conveying our company's value creation story to a wide range of stakeholders, including our shareholders and investors, in a way that is easy to understand.

Investors' Handbook

This handbook provides information regarding the market trends and market shares of our wide range of businesses and products, and explains them in detail.

Sustainability Data Book

This data book contains comprehensive information about our sustainability from the perspectives of the environment, society, and corporate governance. (Available online only)

Guide to the Website

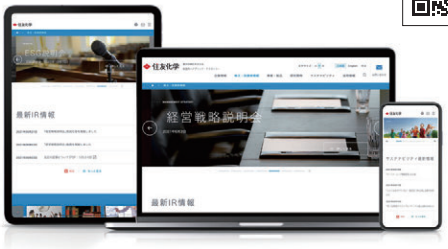
Investor Relations

- ☐ Financial Results
- ☐ Consolidated Financial Statements
- ☐ Meeting of Shareholders Documents
- ☐ IR Events (presentation, materials used at briefing sessions)
- ☐ Fact Sheet

Sustainability

Guide to LinkedIn

LinkedIn



Report Profile

Boundary of This Report:

Sumitomo Chemical Co., Ltd. and its consolidated subsidiaries

In this report, "Sumitomo Chemical" and "Sumitomo Chemical Group" are distinguished as follows.
Sumitomo Chemical: Sumitomo Chemical Co., Ltd.
Sumitomo Chemical Group: Sumitomo Chemical and Group companies

▶ Environmental Data (pages 100–154) and Social Data (ISO 45001 certification status: pages 230–231)

Sumitomo Chemical's manufacturing sites and the production plants of major consolidated subsidiaries (22 companies in Japan and 32 companies overseas)
Principal consolidated Group companies, which account for up to 99.8% of Sumitomo Chemical's consolidated net sales for "Energy consumption and greenhouse gas emissions" (page 108).

Sumitomo Chemical
Sumitomo Chemical: All production sites of Sumitomo Chemical Co., Ltd.
Sumitomo Chemical (all worksites): All production and non-production sites of Sumitomo Chemical Co., Ltd.

Group Companies in Japan
The production plants of 17 companies sharing the Common Targets (Sumika-Kakoushi Co., Ltd.; Sumika Color Co., Ltd.; Sumika Plastech Co., Ltd.; Nippon A&L Inc.; Asahi Chemical Co., Ltd.; Ceratec Co., Ltd.; Sumika Assembly Techno Co., Ltd.; SanTerra Co., Ltd.; Sumika Agro Manufacturing Co., Ltd.; SC Environmental Science Co., Ltd.; Sumika Agrotech Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; SN Kasei Co., Ltd.; Sumika Polycarbonate Ltd.; Sanritz Corporation; Sumika Kowa Tech Co., Ltd.). In addition to the 17 companies listed above, data not related to the Common Targets (as shown on page 150) include **the production plants of 4 other companies** (Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Tanaka Chemical Corporation; Sumitomo Pharma Co., Ltd.) for a total of 21 companies.

Overseas Group Companies
30 companies sharing the Common Targets (**Singapore:** The Polyolefin Company (Singapore) Pte.Ltd., Sumitomo Chemical Asia Pte Ltd (MMA&S-SBR) / **Thailand:** Sumipex (Thailand) Co., Ltd., Bara Chemical Co., Ltd., Sumika Polymer Compounds (Thailand) Co., Ltd. / **Vietnam:** Sumika Electronic Materials Vietnam Co., Ltd. / **China:** Dalian Sumika Chemphy Chemical Co., Ltd., Sumika Electronic Materials (Wuxi) Co., Ltd., Sumika Electronic Materials (Hefei) Co., Ltd., Sumika Huabei Electronic Materials (Beijing) Co., Ltd., Sumika Electronic Materials (Xi'an) Co., Ltd., Zhuhai Sumika Polymer Compounds Co., Ltd., Dalian Sumika Jingang Chemicals Co., Ltd., Sumika Electronic Materials (Changzhou) Co., Ltd., Xuyou Electronic Materials (Wuxi) Co., Ltd., Sumika Electronic Materials (Chongqing) Co., Ltd. / **Taiwan:** Sumika Technology Co., Ltd., Sumipex Techsheet Co., Ltd. / **India:** Sumika Polymer Compounds India Co., Ltd. / **South Korea:** Dongwoo Fine-Chem Co., Ltd., SSLM Co., Ltd. / **Australia:** Botanical Resources Australia Manufacturing Services Pty Ltd., Botanical Resources Australia Agricultural Services Pty Ltd. / **United States:** Sumitomo Chemical Advanced Technologies LLC, McLaughlin Gormley King Company, Valent BioSciences LLC, Sumika Polymer North America LLC / **United Kingdom:** Sumika Polymer Compounds UK Co., Ltd. / **Turkey:** Sumika Polymer Compounds Turkey Co., Ltd. / **France:** Sumika Polymer Compounds France Co., Ltd. In addition to the 30 companies listed above, data not related to the Common Targets (as shown on page 151) exclude Dalian Sumika Chemphy Chemical Co., Ltd. and include **3 other companies** (Sumitomo Chemical India Limited, Sumitomo Chemical Chile S.A., Sumitomo Chemical Brasil Indústria Química S.A.) for a total of 32 companies.

Notes: More detailed information about the boundary of data is listed on each page.
Regarding affiliated companies and plants newly included in the boundary of environmental data reporting, results data are tabulated from the fiscal year when the survey was conducted as the Sumitomo Chemical Group.

Period covered by this report:
Group Companies in Japan:
April 1, 2022 – March 31, 2023 (FY2022) (with specific exceptions outside this time frame)
Overseas Group Companies: January 1, 2022 – December 31, 2022

Date of publication:
October 2023 (The previous issue was published in October 2022. The next issue is scheduled for publication in October 2024)

Frequency of publication:
Once annually

Guidelines referred to when preparing this report:
- The GRI Standards P.242 GRI Standards Reference Table
- The Japanese Ministry of the Environment's "Environmental Reporting Guidelines" (2018 edition) and "Environmental Accounting Guidelines" (2005 edition)
- The ISO 26000 international standard on Social Responsibility (SR)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
P.263 TCFD Index

Introduction to the Sumitomo Chemical Group

Corporate Profile (As of March 31, 2023)

Company Name:	SUMITOMO CHEMICAL COMPANY, LIMITED
Incorporated:	June 1,1925
Head Office:	Tokyo Nihombashi Tower, 2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6020, Japan
Management:	Representative Director & President: Keiichi Iwata
Capital:	89,938 million yen (as of July 20, 2023)
Number of Employees:	Non-consolidated: 6,637
	Consolidated: 33,572
Number of Subsidiaries and Affiliates:	203

Corporate Profile

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

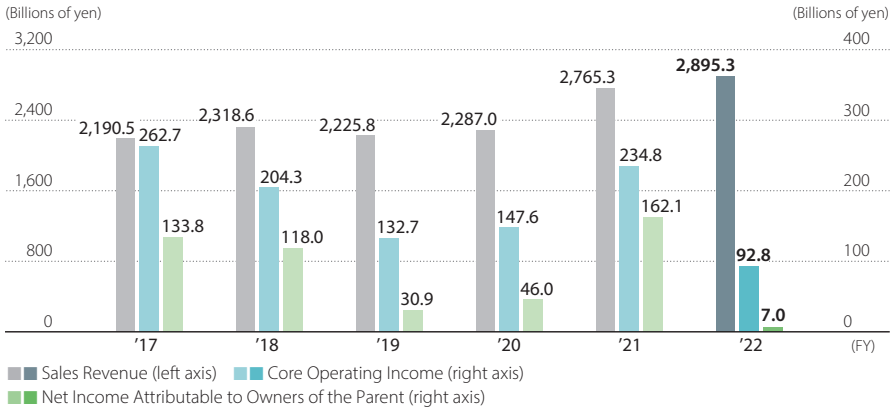
Financial Highlights (For Fiscal 2022, Based on the International Financial Reporting Standards (IFRS))

Sales Revenue:	2,895.3 billion yen (up 5%, year on year)
Core Operating Income:	92.8 billion yen (down 61%, year on year)
Net Income Attributable to Owners of the Parent:	7.0 billion yen (down 96%, year on year)
ROE:	0.6%
Capital Expenditures:	141.1 billion yen (up 18%, year on year)
Research and Development Expenses:	195.6 billion yen (up 12%, year on year)

Chart Generator

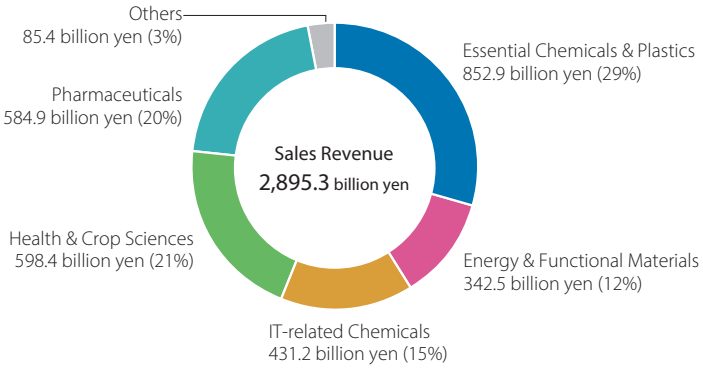
https://www.sumitomo-chem.co.jp/english/ir/finance/highlights/

■ Sales Revenue / Core Operating Income / Net Income Attributable to Owners of the Parent

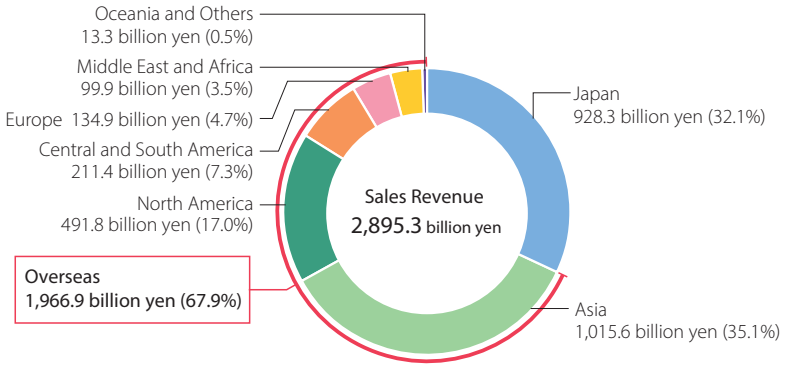


Introduction to the Sumitomo Chemical Group

FY2022 Sales Revenue and Composition Ratio by Business Segment



FY2022 Sales Revenue and Composition Ratio by Region



Investors' Handbook

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

President's Message

Now is the time to demonstrate the strength of a diversified chemical company with the power of our diverse businesses

Return to a strong growth trajectory

岩田圭一

Keiichi Iwata
Representative Director & President

President's Message

Aiming to achieve recovery in FY2024 by leveraging three growth drivers

In FY2022 we faced a challenging business environment but delivered some positive results

We at the Sumitomo Chemical Group posted record profits in FY2021 and launched our new Corporate Business Plan in FY2022. We faced dramatic changes in the business environment that were beyond our expectations during FY2022, such as significant increases in raw material and fuel prices and supply chain disruptions following Russia's invasion of Ukraine and a downturn of the world economy. It was a very challenging year as our financial performance deteriorated due to the effects of the expiration of exclusive marketing rights in the U.S. of Sumitomo Pharma's major drug LATUDA® and a slump in the petrochemicals, display materials, and semiconductor markets.

Despite the circumstances, we steadily implemented the measures that needed to be taken and delivered some positive results. First, we achieved strong earnings in the fields of high-performance chemicals of our IT-related Chemicals and Energy & Functional Materials Sectors as well as in our Health & Crop Sciences Sector in FY2022, even in the face of a difficult environment.

We also decided various strategic investments totaling approximately 200 billion yen. They include construction of a new semiconductor processing materials plant in the U.S. in the IT-related Chemicals Sector, an acquisition of a biostimulant business in the Health & Crop Sciences Sector, and Sumitomo Pharma's integration of Myovant Sciences Ltd. in the Pharmaceuticals Sector, whereby Myovant Sciences, formerly a majority-owned subsidiary, has become a wholly-owned subsidiary of Sumitomo Pharma. These strategic investments, all made in line with the policy of our Corporate Business Plan, will provide solid stepping stones to achieve the targets set for the final year of the plan period.

In addition, we are making steady progress in our group-wide initiatives of green transformation and digital transformation. In the green transformation effort, which is led by the Carbon Neutral Strategy Cross-Functional Team, various initiatives are underway in technology development and implementation, stakeholder collaboration, and other areas. Digital transformation is also advancing driven by our people on the frontlines of manufacturing, research, logistics, and other operations.

Meanwhile, regrettably, we had several occupational accidents during the year. To prevent such accidents, as well as to fulfill our mission to support the manufacturing sector as a member of Japan's essential industry, we will step up efforts to ensure safety and continue to be committed to placing safety above all else.

In FY2023 we will counteract the effect of an expected downturn in the Pharmaceuticals Sector by leveraging the power of our diverse businesses

In FY2023, the Pharmaceuticals Sector is expected to post a large loss due to effects of the expiration of exclusive marketing rights of LATUDA®, making a major impact on the Group's financial results. On the other hand, market conditions for petrochemicals and feed additive methionine and demand for semiconductors are expected to bottom out in the first half of the year and then begin to recover.

By nature of the business, the Pharmaceuticals Sector cannot avoid effects of patent expiration. But the sector is basically less likely to be affected by fluctuations in the economy and can deliver stable earnings, and it has actually made substantial contributions to the Group's earnings. In FY2023, the other business sectors need to step up to counteract the effect of a downturn in the Pharmaceuticals Sector and hold up the Group's performance, and we view the year as a time when the true strength of Sumitomo Chemical as a diversified chemical company and the power of our diverse businesses will be tested. As we head toward FY2024, the final year of our Corporate Business Plan, we will carry out what we should do.

Our recovery plan toward FY2024

As we head toward FY2024, we have a solid plan to achieve a strong recovery. We will strive to deliver improved financial results in FY2024 by leveraging three growth drivers.

The first growth driver is regenerative agriculture. Regenerative agriculture is a new approach that aims to make farming sustainable by restoring and improving soil health while also reducing greenhouse gas (GHG) emissions as well as maintaining and enhancing biodiversity. The Sumitomo Chemical Group has long focused on low environmental impact crop protection chemicals and biorational products. By combining these solutions and going beyond the dichotomy between chemical products and non-chemical products, we will make our presence felt in the field of sustainable agriculture, which is expected to grow significantly in the future.

Second, we will step up efforts to maximize returns of our investments in high-performance materials such as semiconductor chemicals and liquid crystal polymers (LCP). These investments, made in anticipation of demand growth, are expected to start generating returns in FY2024.

President's Message

The third growth driver is in the Pharmaceuticals Sector. We will strive to maximize the value of ORGOVYX®, MYFEMBREE®, and GEMTESA®, the three key products that are expected to drive the sector's post-LATUDA growth, through alliances with other companies and expansion of indications. FY2024 target sales revenues of these products are 200 billion yen. With these efforts and rationalization by reorganizing North American subsidiaries, the Pharmaceuticals Sector will strive to achieve a V-shaped recovery.

Leveraging these growth drivers while also working on efforts to improve our business structure, including structural reforms and rationalization of the display materials business, we aim to achieve core operating income of 200 billion yen in FY2024.

Solving social issues and increasing corporate value based on our corporate philosophy

Upgrading our business portfolio from a broadly-defined green transformation (GX) perspective

In all ages, our purpose is to carry out Jiri-Rita Koushi-Ichinyo—our credo that comes from Sumitomo's business principles, which means that our business must benefit society at large, not just our own interests. We are firmly committed to solving social issues and enhancing our corporate value at the same time, and since FY2022 we have been working to upgrade our business portfolio from the perspective of broadly-defined green transformation, which includes not only achieving carbon neutrality but also conserving biodiversity and ensuring people's healthy lives. In addition, commitment to technological innovation for contributing to society is embedded in Sumitomo Chemical's DNA. As we pursue our purpose, we will continue to strive to drive innovation, create next-generation new businesses in our priority areas, and thereby contribute to society.

Our efforts toward achieving carbon neutrality are advancing, including collaboration with other companies and visualization of our contributions

During the past year, we made real progress and delivered a number of achievements in our efforts toward achieving carbon neutrality.

In the area of recycling, we have launched a business alliance with REVER Corporation for material recycling of waste plastics derived from end-of-life Vehicles. In addition, we have constructed a new pilot facility for chemical recycling of acrylic resin (polymethyl methacrylate or PMMA) in Ehime, Japan, which was completed in December 2022. Shipment of samples is scheduled to begin in fall 2023. The recycled acrylic resin will be the first product to be provided under the Meguri® brand, which Sumitomo Chemical launched for its plastic products made with recycling technology. Moreover, we are working with local governments to

President's Message

collect and recycle acrylic plastic partition panels used for reducing the spread of droplets that are no longer in use as COVID-19 prevention measures were lifted. The recycled products made in this project will be also provided under the Meguri® brand.

Sumitomo Chemical's projects to develop chemical recycling technologies, which include four themes such as olefin production through direct cracking of waste plastics, were selected for the Green Innovation Fund Project*. The project has come to the stage of pilot plant design, and we aim to implement the technology in society by 2030.

Cooperation with other companies is essentia l to implement ing new technology in society. In November 2022, the Keiyo Coastal Industrial Complex Council on Carbon Neutrality, led by the government of Chiba Prefecture, Japan, was established, and we actively engage in the Council's discussions. In addition, Sumitomo Chemical, Mitsui Chemicals, Inc., and Maruzen Petrochemical Co., Ltd. are considering starting collaborative projects toward carbon neutrality at the Keiyo Coastal Industrial Complex. The projects under study include developing and implementing chemical recycling and material recycling technologies, sourcing biomass for feedstock, collecting waste for recycling, and jointly implementing fuel conversion and construction of associated infrastructure.

We have also started procurement of clean ammonia, which is expected to be a next-generation energy source, in cooperation with Yara International ASA of Norway, the world's leading ammonia manufacturer.

While we are making these various efforts toward achieving carbon neutrality, we consider that it is also important to quantify and visualize the contributions that these efforts are actually providing to society. As one of the indicators for the contributions, we have been using sales revenue of Sumika Sustainable Solutions (SSS); that Group's products help to address climate change, reduce environmental impact and promote effective use of resources. The sales revenue of these products in FY2022 was approximately 680 billion yen. We aim to increase this figure to 1.2 trillion yen by FY2030.

In addition, we have established a new indicator named Science Based Contributions (SBC) that represents the calculated amount of avoided GHG emissions achieved through the use of our products as well as the use of our technologies under license. The latest SBC indicator totaled approximately 8.30 million tons per year, with 5.60 million tons of GHG emissions reductions achieved through the use by customers of our products such as herbicide flumioxazin and 2.70 million tons resulting from process improvement by licensees using our technologies such as the propylene oxide-only process. This almost matches the amount of Sumitomo Chemical's Scope 1 and Scope 2 GHG emissions, which totaled 7.65 million tons in FY2021, and shows the great potential of our products and technologies to contribute to GHG emissions reduction. We will widely use the SBC as an indicator to clarify the contributions of the Sumitomo Chemical Group as well as the chemical industry to the achievement of carbon neutrality.

In order to achieve carbon neutrality of society as a whole, not just Sumitomo Chemical but all companies in supply chains will be required to be able to quantify the carbon footprint of each one of their products. Sumitomo Chemical has developed a proprietary carbon footprint calculation tool for chemical products. We have made the tool available free of charge, and it is currently used by about 70 companies. We received the 2023 Responsible Care Award from the Japan Chemical Industry Association in recognition of the tool's contribution as one of the infrastructure platforms for the chemical industry.

* The Green Innovation Fund Project is an initiative implemented by the Ministry of Economy, Trade and Industry (METI), the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency, and others toward achieving carbon neutrality by 2050, with a 2 trillion-yen fund created under NEDO. This project is intended to provide continuous support for the effort of companies and other organizations committed to ambitious goals, from research, development and demonstration to implementation in society, for a period of ten years.

Contributing to conserving biodiversity through effective use of water resources and other efforts

Biodiversity is closely linked to carbon neutrality. However, unlike carbon neutrality, which can be approached using GHG emissions as a globally accepted common yardstick, the issue of biodiversity is difficult at present to address quantitatively. Nevertheless, we consider that it is necessary to clearly demonstrate the relations between our business activities and nature, rather than just do some nature conservation activities.

The Sumitomo Chemical Group will strive to promote biodiversity along the two axes of efforts to reduce negative impacts on natural capital and efforts to increase positive impacts on natural capital.

To reduce negative impacts on natural capital, it is necessary, for example, to make effective use of water resources. At our factories in India, we treat household wastewater with earthworm farming technology and use it after treatment. By doing so, we have reduced our river water use by more than 70% while ensuring a stable water supply necessary for our production operations. As for efforts to increase positive impacts on natural capital, we have developed crop protection chemicals suitable for

President's Message

no-till farming, a form of regenerative agriculture that avoids tilling to maintain and restore the soil environment, and are working to promote the spread of this farming method. We have also been working on research and development of mycorrhizal fungi, a class of useful microorganisms living in the soil, that are expected to help reduce CO_2 emissions and improve soil fertility. We will contribute to conserving biodiversity by providing a broad range of effective agricultural solutions, from herbicides and other crop protection chemicals to farming materials to promote plant growth and maintain soil health.

Strengthening human resources and technological expertise that form our core competencies

Working to maintain and enhance diversity of our human resources

Sumitomo Chemical is engaged in diverse businesses, and our people have diverse skills, knowledge, and experience. That diversity of our people is one of our greatest strengths. To maintain and enhance it, we are implementing various initiatives.

In hiring people, we prioritize recruiting sources that can attract highly competent candidates, and currently we focus on regular hiring of new graduates, while also recruiting people with experience as needed. We are very pleased to see that Sumitomo Chemical has been ranked 12th among companies in all industries and 5th in the chemical and materials industry in a 2023 ranking of most popular companies among job-seeking science, technology and engineering graduate school students in Japan.

We are also stepping up efforts to provide more opportunities for senior employees. In 2006, Sumitomo Chemical introduced a reemployment system. We have already achieved a high level of continued employment of senior employees, and as of FY2021, the reemployment rate was 97%. In April 2024, Sumitomo Chemical will shift to a system in which the mandatory retirement age will be raised to 65, in order to create an environment where senior employees who have the desire and ability to work can continue to work under the same conditions.

Regarding the advancement of women, we will work to increase the ratio of women with science, technology and engineering backgrounds in new recruits while also creating an environment where women can continue their careers even after life events. We use the ratio of women in positions equivalent to manager and above as a key performance indicator (KPI), and it was 9.5% in FY2022, against the target of 10% or higher. We will continue to work to improve the ratio while also raising the target.

Driving innovation by combining diverse technologies

Sumitomo Chemical is a technologydriven company and aims to contribute to society through innovation. Innovation is not only about making new discoveries, but also about creating new value and impacts by combining the known with the known. Generally, the greater the variety of the technologies that are employed, the more likely that innovation will happen. Sumitomo Chemical, which possesses diverse technologies, has great potential to succeed in innovation.

In terms of technology, we consider base technology more important than applied technology. Base technologies that we have built through our research activities of many years have led to a variety of new solutions and, in turn, the pursuit of new solutions has made our base technologies even stronger. A diversified chemical company is powered by this positive cycle of technological development. Leveraging this cycle, we will continue to create innovative new solutions to address social issues and trends.

In addition to these endeavors, we are stepping up open innovation. Overseas, we have established our Corporate Venturing & Innovation (CVI) Offices in innovation clusters such as Boston in the U.S. and Cambridge in the U.K. In Japan, we have opened a co-creation space called SYNERGYCA within our Tokyo headquarters, aiming to promote creation of innovative solutions through dialogs with various stakeholders including customers and other chemical companies.

Since FY2019, we have been implementing stage-gate management of new business creation projects. In this system, we categorize research projects into four stages, from ideation to commercialization. We have clearly-defined requirements for gate management in place and decide based on them whether a project can pass a gate and go on to the next stage, with business divisions deeply involved in the process. This system has enabled us to accelerate creation of new research projects and also decide more quickly whether or not to proceed, so that the metabolism of research projects has been improved. We will continue to work to identify projects with real potential, promote the growth of innovative new technologies, and create new businesses.

President's Message

Striving to become a company that makes its stakeholders feel proud to have a stake in the company

Fulfilling our responsibility as a listed company with an emphasis on stable dividends

Finally, I would like to explain our thinking on dividends. Our dividend policy consists of two criteria: a payout ratio of 30% and stable dividends. For FY2023, we project an annual dividend of 12 yen per share, with emphasis on stable dividends, although it could send the dividend payout ratio considerably high as the business environment is expected to be challenging.

We consider that a company of our size needs to generate core operating income of around 100 billion yen regardless of the business environment. Deducting taxes from this amount and multiplying the result by a dividend payout ratio of 30% makes an annual dividend of approximately 12 yen per share. We view this level as the minimum requirement to meet the criterion of long-term stable dividends, and we assume that a listed company is responsible for at least maintaining dividends at this level even in the current difficult circumstances. Going forward, we aim to put our performance back on a growth trajectory and achieve core operating income of 200 billion yen in FY2024, thereby realizing an annual dividend of 24 yen or more per share and meeting our stakeholders' expectations.

Enhancing our presence by carrying out the Sumitomo Spirit

We at the Sumitomo Chemical Group are committed to contributing to solving social issues through our business in accordance with the Sumitomo Spirit. And by doing so, we aim to enhance our presence and become a company that makes its stakeholders feel happy and proud to have a stake in the company. In this connection, I recently received a report that was particularly delightful to me. In a recent employee satisfaction survey, employees gave a high rating in response to the question, "Do you think that you would like to recommend Sumitomo Chemical as a company to work for to your friends and family?" This means our people recognize that Sumitomo Chemical is an excellent company, so to speak, and I see this as something of significant value. I will work hard to ensure that Sumitomo Chemical will continue to be a company that our people feel that way about.

Although the business environment is expected to remain challenging, we will strive to put our performance back on a growth trajectory soon and increase our corporate value over the long term by leveraging our strengths as a diversified chemical company. We would appreciate you, our shareholders and other stakeholders, to continue to put your trust in Sumitomo Chemical's future.

Sumitomo Chemical's Corporate Philosophy

Sumitomo Chemical's business began when gasses from the copper smelting process of the Besshi Copper Mine caused a pollution problem, and there was an urgent need for a solution. Sumitomo Chemical was founded to resolve this problem, which it did by extracting sulfur (sulfur dioxide gas) from copper ore to use as the raw material for sulfuric acid and fertilizer manufacturing in an effort to overcome an environmental problem while also improving agricultural productivity. This philosophy of resolving problems facing society through its business is in the DNA of the Sumitomo Chemical Group.

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

■ The Framework of Sumitomo Chemical's Corporate Philosophy

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

The Sumitomo Spirit

The Sumitomo Business Principles

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

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

Sumitomo Chemical's Business Philosophy

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

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

Sumitomo Chemical's Corporate Philosophy

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.14 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.18 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.38 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.44 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.30 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.16 Sustainability Promotion System

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

The "Sumitomo Chemical Charter for Business Conduct" stipulates the guidelines for our business conduct and serves as the foundations of our efforts to promote compliance (refer to page 76), with a view to promoting the sound development of the Company.

Sumitomo Chemical Charter for Business Conduct

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

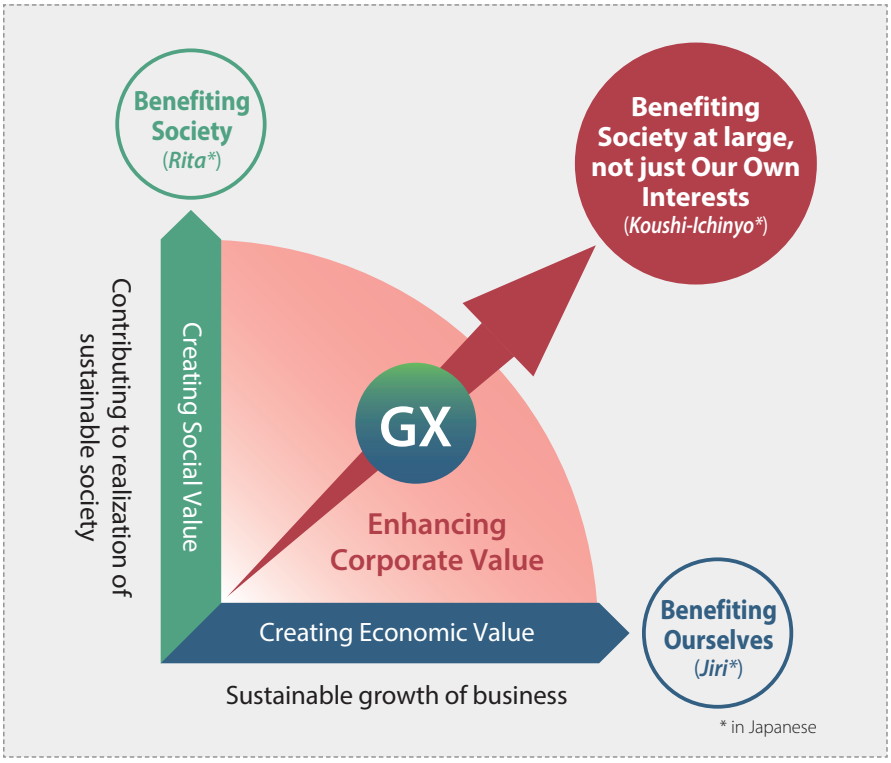
What Sumitomo Chemical Group Strives to Be

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

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

■ Image of Enhancing Corporate Value

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



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

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

Sustainability Management

Regarding each ESG information, Please refer to the following chapters

Governance: page 52

Environment: page 99

Society (Social Activities): page 155

Contents

Management System

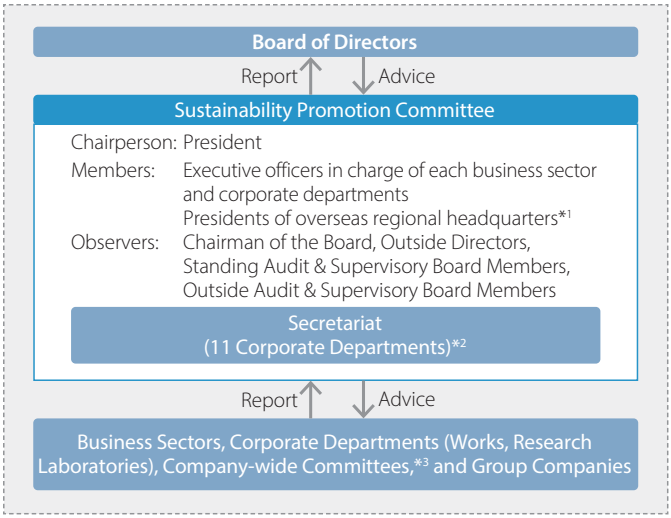
In the Basic Principles for Promoting Sustainability, the Sumitomo Chemical Group declare that our top management is committed to promoting sustainability. We also place these principles just below the Sumitomo Spirit, and the Business Philosophy in the framework of our corporate philosophy to show our commitment to working on the promotion of sustainability as a management priority.

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. The purpose of the committee is to oversee the Group's sustainability promotion activities, comprehensively verify contributions to sustainability, and accelerate integrated efforts to solve issues society is confronting. Based on the surrounding business environment, the committee considers issues and the direction of initiatives while also providing necessary guidance and advice to executive organizations aiming to implement initiatives.

The committee convenes twice a year and holds active discussions that Outside Directors and Outside Audit & Supervisory Board Members attend as observers. The committee is chaired by the President of Sumitomo Chemical and composed of executive officers in charge of each business sector, the executive officers in charge of the corporate departments, and the presidents of overseas regional headquarters.

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

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

Management System

Fiscal 2022 Results

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

■ Main Agenda Items

- Status of initiatives to solve social issues through our business (recycling resources and biodiversity)
- Trends in disclosure standards and impact evaluations as well as the Group's responses
- Status of social contribution activities and direction of activities going forward
- Initiatives to instill the corporate philosophy within the Group

In addition, from fiscal 2022, the top management of business sectors and the sustainability managers of regional headquarters have directly shared in the content of committees by participating in the Sustainability Promotion Committee as observers.

We have established a system to raise awareness among all Group employees under which, for example, we hold briefings related to initiatives promoting sustainability and provide committee reports. These activities are carried out by the sustainability promotion managers for each worksite and Group companies in Japan, South Korea, and Taiwan as well as by the regional headquarters for all other overseas Group companies.

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.

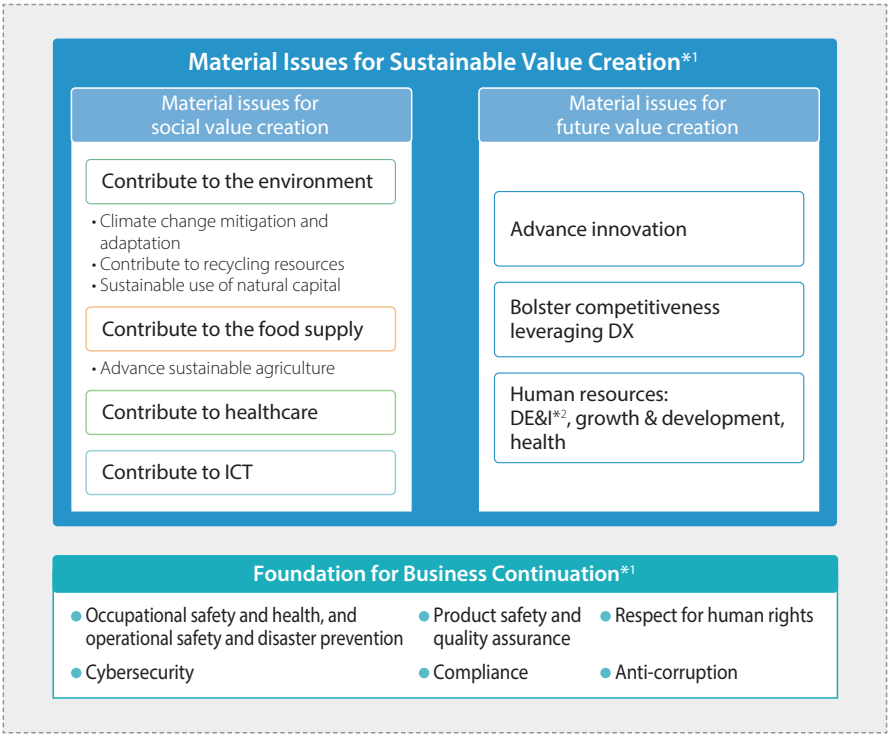
In fiscal 2018, the Group first identified and announced material issues for sustainable value creation. We revised the issues in fiscal 2021 based on changes in society since then.

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.

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



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

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

Occupational safety and health, and operational safety and disaster prevention
P.198 Occupational Safety and Health / Industrial Safety and Disaster Prevention

Product safety and quality assurance
P.205 Product Stewardship / Product Safety / Quality Assurance

Respect for human rights
P.158 Respect for Human Rights

Cybersecurity
P.97 Cybersecurity

Compliance
P.76 Compliance

Anti-corruption
P.84 Anti-corruption

The Material Issues to Be Addressed as Management Priorities

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

When identifying our material issues, we 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

❶ 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

❷ Grasp stakeholder requirements

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

❸ 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
			FY2020	FY2021	FY2022	
Contribute to the environment	Amount of Group's GHG emissions (Scope 1+2)	(1)	7.42 million tons	7.65 million tons	6.58 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)	17.65 million tons-CO_2	18.61 million tons-CO_2	17.66 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)	463.3 billion yen	621.2 billion yen	682.8 billion yen	Sales revenue of 1,200 billion yen by FY2030
	Unit energy consumption	(1)	120	100 ('21=100)	86	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	14	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	200k tons/year by 2030
Contribute to the food supply	Effect of increasing production of animal protein including poultry	—	Approximately 4.8 million tons	Approximately 4.6 million tons	Approximately 4.3 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 90 million hectares	Approximately 110 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 410 million persons	Approximately 440 million persons	Approximately 440 million persons	Protection from vector-borne diseases through the development and dissemination of vector control products such as Olyset™net
	Constant development of new drugs in areas where high unmet medical needs exist	—	New Drugs Approved			Targets and KPIs for Material Issues
Contribute to ICT	Number of mobile devices using polarizing films	—	3.2 billion (cumulative total)	3.6 billion (cumulative total)	4.1 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 address global warming, reduce environmental impact and promote effective use of resources.

Key Performance Indicators (KPIs) for Material Issues

Material issues for future value creation

Material Issues	KPI		Boundary*1	Results FY2020	Results FY2021	Results FY2022	Goals
Advance innovation (Results based on the Patent Asset Index™)	Patent asset size*2		(1)	15,930 (pt)	16,037 (pt)	16,383 (pt)	Expansion of patent asset size
Bolster competitiveness leveraging DX	Digital maturity level		(1)	2.9	3.3	3.5	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 female employees in positions equivalent to manager or above	(2)	6.3% (April 1, 2021)	7.0% (April 1, 2022)	9.5% (April 1, 2023)	Over 10% by FY2022
		New KPI Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees.	(2)	Listed starting in FY2023			Over 15% on average over the 5 years between FY2023 and FY2027
		Percentage of male employees taking childcare leave	(2)	63.8%	73.5%	77.4%	Over 70% by FY2022
		New KPI 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)	Listed starting in FY2023			At least 90% of male employees taking said leave during the fiscal year
		Percentage of employees who taken self-selected training programs, etc.	(2)	—	—	24.6%	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. It recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council and initiatives aligned with local health issues. (Health and productivity management is a registered trademark of NPO Kenkokeiei.)

KPIs for material issues for social value creation

Material Issue **Contribute to the environment**

KPI

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

Reducing GHG emissions through our Group's initiatives.

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

Targets (vs. FY2013)

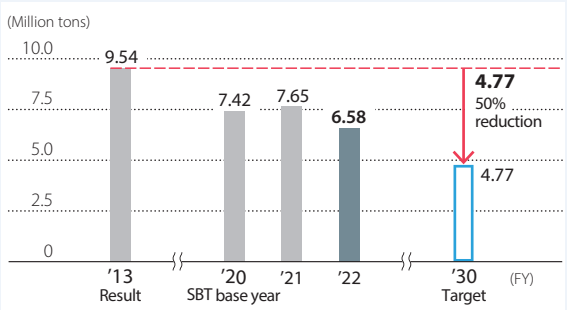
Reduce by **50%** by 2030

◆ 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 CO_2-emission fuels like coal, petroleum coke, and heavy oil to using low CO_2 emission intensity fuels like liquefied natural gas (LNG).

■ GHG Emissions and Reduction Targets



Key Performance Indicators (KPIs) for Material Issues

Material Issue **Contribute to the environment**

KPI

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

Mitigation of climate change by using battery materials

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

* EVs, HEVs, PHEVs, Fuel cell cars

Toward the achievement of SDG 13.3

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

Highlights of sustainability efforts

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

Eco-friendly vehicles manufactured in FY2022 incorporating SCC's battery materials (Separator, Cathode, Alumina) will help reduce the GHG emission volume* over the next 10 years by:

Projected 10-year GHG Reduction from FY2022 Products

17.66 million tons-CO_2

* Based on 2022-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

Sumika Sustainable Solutions

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

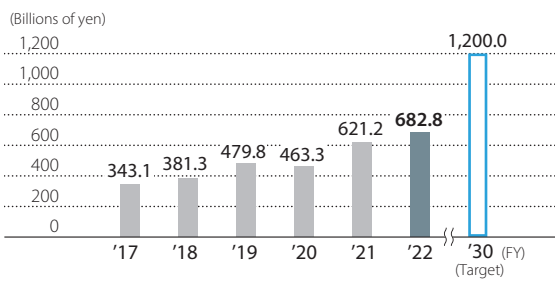
Targets

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

Highlights of sustainability efforts

- Designated 71 products and technologies as of August 2023
- Participation by all SCC Group companies

■ Sales Revenue of SSS-designated Products



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

Key Performance Indicators (KPIs) for Material Issues

Material Issue **Contribute to the environment**

TARGET 7.3
DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

KPI

Unit energy consumption

Continuous improvement of unit energy consumption by rationalization

Targets (FY2021 level as baseline)

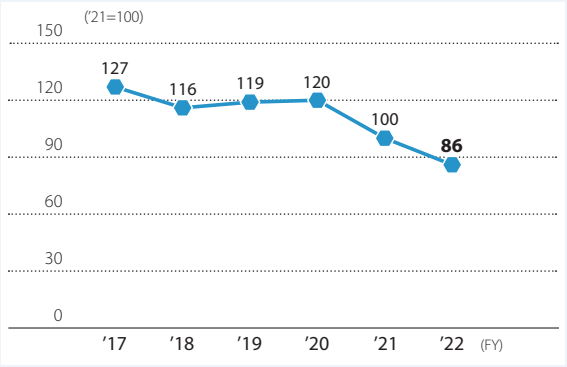
Will achieve improvement of **3%** or more per Corporate Business Plan period as a group

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.

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



Material Issue **Contribute to the environment**

TARGET 9.4
UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

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.

Total number of plants under license as of the end of FY2022

13

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

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, waste water treatment processes with less environmental impact, GHG removal and decomposition processes, 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

- **Revamp of technology license website**
  We revamped the website to broaden awareness of the Company's license technology and how it helps reduce environmental impact.
- **Switching over to highly efficient LNG power generators**
  In fiscal 2022, the Niihama LNG power plant came on line. We also installed a new highly efficient LNG power generator at Chiba Works. Altogether, we expect to reduce CO_2 emissions more than 890,000 tons annually.
- **Niihama LNG Station started to supply LNG**
  By switching to LNG fuel, we expect reductions in CO_2 emissions of 650,000 tons annually in the near future.
- **Promoted use of clean ammonia**
  We have begun considering collaborations with external partners to promote the use of clean ammonia as a fuel or chemical feedstock with no CO_2 emissions.

Key Performance Indicators (KPIs) for Material Issues

Material Issue Contribute to the environment

KPI

The amount of recycled plastics used in manufacturing processes

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

Toward the achievement of SDG 12.5

- **Initiatives related to material recycling**
  Deploy technologies to perform crushing, melting or other treatments on waste plastic resources to reuse the resources as a material input in a variety of applications
  - Studying technological alliances with recycling companies
  - Commercializing automotive part-related recycling, etc.
- **Initiatives related to chemical recycling**
  Deploy technologies to chemically treat recycled resources and waste plastic resources and convert them to other chemical substances for reuse
  - Recycling waste-derived resources
  - Developing technology to produce alcohols from CO_2, etc.

Highlights of sustainability efforts

- We established a new chemical recycling pilot facility for acrylic resin (PMMA, polymethyl methacrylate) at Ehime Works. We plan to begin providing samples of recycled chemical products from autumn 2023.
- We installed a pilot facility aimed at the commercialization of material recycling, namely recycling the waste plastic taken from used vehicles. We aim to begin providing samples to customers during fiscal 2023.

Targets

200k tons/year by 2030
Note: 13% of our plastic production capacity

FY2022 result

Approximately **5,900** tons

Meguri
CIRCULARITY FOR ALL

Recycled plastic 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

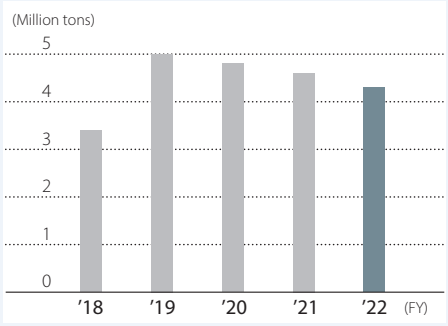
Toward the achievement of SDG 2.1

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 (N_2O), a greenhouse gas (GHG).

Increased Production of Animal Protein



Note: Calculation method undisclosed (proprietary)

Key Performance Indicators (KPIs) for Material Issues

Material Issue Contribute to the food supply

KPI

Agricultural land area where agrosolution products are used

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

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.

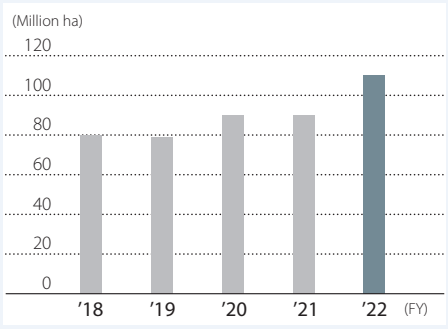
Toward the achievement of SDG 2.4

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 and other vector-borne diseases. These include long lasting insecticidal nets such as Olyset™ Net and indoor residual sprays.

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

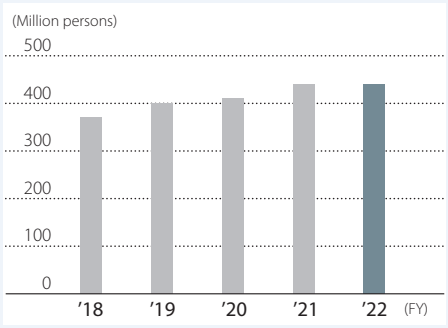
Toward the achievement of SDG 3.3

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, across Africa 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 to control immature stage of mosquitoes in their breeding sites.

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

Key Performance Indicators (KPIs) for Material Issues

Material Issue **Contribute to ICT**

TARGET 8·2
DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY

KPI

Number of mobile devices using polarizing films

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

Polarizing films

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

Toward the achievement of SDG 8.2

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

Highlights of sustainability efforts

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

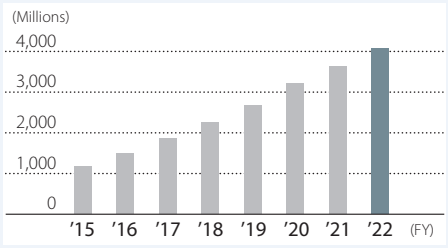
(1) Polarizing films for OLED Panels
(2) Coated-type polarizing films suitable for foldable devices
(3) Polarizing films for 5G-compatible mobile devices
(4) Materials related to 5G telecommunications
(5) Gallium nitride substrates, which help reduce electric power loss

Mobile devices that use our polarizing films

Cumulative total for the period from FY2007 to date (as of the end of FY2022)

4.1 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™)

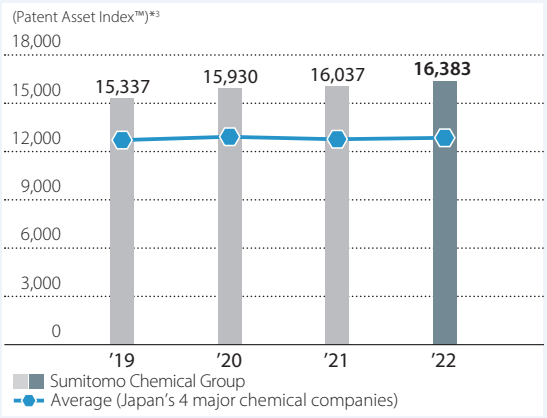
An objective quantification of the overall value of the patents held by Sumitomo Chemical Group based on the technological attractiveness and market exclusivity of each patent. Maintaining attractiveness requires continued R&D that addresses new requests from society.

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).

Key Performance Indicators (KPIs) for Material Issues

Material Issue Bolster competitiveness leveraging DX

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

KPI
Digital maturity level (a 4-point-rating scale)

Digital maturity level		
FY2020	FY2021	FY2022
2.9 points	3.3 points	3.5 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*
1. Strategies and vision
2. Commitments by business management
3. Mindset and corporate culture
4. Promotion and support systems
5. HR development and secure HR recruitment
6. Reflection of outcomes in business

Development of IT systems as a foundation for achieving DX
7. Systems and governance
8. Secure HR recruitment
9. Ownership of the business operation department
10. Analysis and assessment of IT assets
11. Categorization of IT assets and planning thereof
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

FY2022 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 2022, we rolled out initiatives for all steps of our digital transformation strategy, and the KPIs of all relevant evaluation items increased.
  1. The DX Strategy 2.0, which is led by business divisions, started in fiscal 2021 and has become engrained. We systematically trained DX personnel, placed personnel in all sectors, built a data utilization foundation (Company-wide common foundation for analyzing and utilizing data), and strengthened the corporate systems supporting DX promotion.
  2. We launched the DX Strategy 3.0 promotion team to support the creation of new business models.
- In fiscal 2023, we are still undertaking the following initiatives under the Corporate Business Plan.
  1. With the DX personnel we have trained playing a central role, we fully launched efforts to strengthen existing businesses and enhance productivity using DX and rolled out these efforts globally.
  2. The newly formed DX 3.0 Strategy provides support across the Company and quickly realizes the creation of new business models that utilize data.

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)
- We developed CFP-TOMO™, which is a tool for calculating carbon footprints, and rolled it out to chemical industry activities.

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

DX Strategy 1.0 (Enhancing productivity) DX Strategy 2.0 (Strengthening competitive advantages of existing businesses)	Common	• Expand DX Repositories (an annual event to share DX activities) into activities that include Group companies with the aim of raising each person's transformation mindset, stimulating DX, and creating innovation
	Plant	• Roll out efforts to make operational management duties more efficient using an electronic daily reporting system to all Works • Construct data utilization foundations and increase effectiveness of product quality assurance operations • Introduce analytical AI using camera images into operation monitoring duties and make operations more sophisticated at multiple plants
	R&D	• Roll out a material informatics (MI) platform furnished with data tools that enable anyone to conduct MI to all research laboratories • We are currently building systems to share technical data across research laboratories and began pilot tests from May 2023. • Make image analysis faster and more sophisticated using deep learning technology (applying AI technology to segmentation processes)
	SCM	• Roll out marketing automation tools (visualizing website visitation records) • Secure latent customers by deploying an AI chat bot (deployment case: product introductions (Japanese only)) • Roll out tools for making systems and operational management tasks more efficient overseas, including to Europe and South America
	Office	• Proactively utilize office-related digital tools (including RPA, Teams, electronic requests) for the individual tasks of each sector • Promote measures to enhance the efficiency of accounting processes using digital technology • Establish data infrastructure by introducing an advanced search system
DX Strategy 3.0 (Creating new business models)		• Launch the DX Strategy 3.0 promotion team (a team supporting the creation of new business models) and begin full-scale efforts to quickly realize new business models that utilize data
Personnel training		• 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, 2022. Numbers inside parentheses are medium-term targets. Business-related: Business translators: 99 (150), Business data analysts: 28 (100) Technology-related: Data scientists: 19 (30), Data engineers: 202 (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

Key Performance Indicators (KPIs) for Material Issues

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.

New 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.

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 "whenever, wherever, however many times," we offer training programs they can select for themselves.

KPI

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

◆ Self-Selected Training Programs

(1) Learning platform SUMIKA Learning Square
In-house programs to acquire comprehensive knowledge related to operations (a total of 50 courses, steadily expanding)

(2) Self-Improvement Courses
Programs that enable learning on personal smartphones and PCs, such as business and language skills (a total of 700 courses and 6,500 videos)

Health

KPI

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

Results (March 2023)

Maintained certification over the past 6 years since fiscal 2017

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

Corporate Business Plan (FY2022 – FY2024) and Sustainability

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

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

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

P.18 The Material Issues to Be Addressed as Management Priorities

P.20 Key Performance Indicators (KPIs) for Material Issues

■ FY2022 – FY2024 Corporate Business Plan

Slogan

Change and Innovation
~ with the Power of Chemistry ~

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

Sumitomo Chemical's strengths	×	Further growth opportunities
Diversity of businesses, technologies, geographies and people at Sumitomo Chemical		Advancing **Green Transformation (GX)** in a broad sense responded to changes in society

Basic Direction

- Further improve business portfolio (strengthen and reform businesses)
- Improve financial standing
- Accelerate the development of next-generation businesses
- Obligations and contributions toward carbon neutrality
- Improve productivity and strengthen businesses through digital innovation
- Employ, develop and leverage human resources for sustainable growth
- Ensure full and strict compliance and maintain safe and stable operations

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 global warming countermeasures, reducing environmental burden, and effective use of resources, as Sumika Sustainable Solutions (SSS) and encourages their development and widespread adoption.

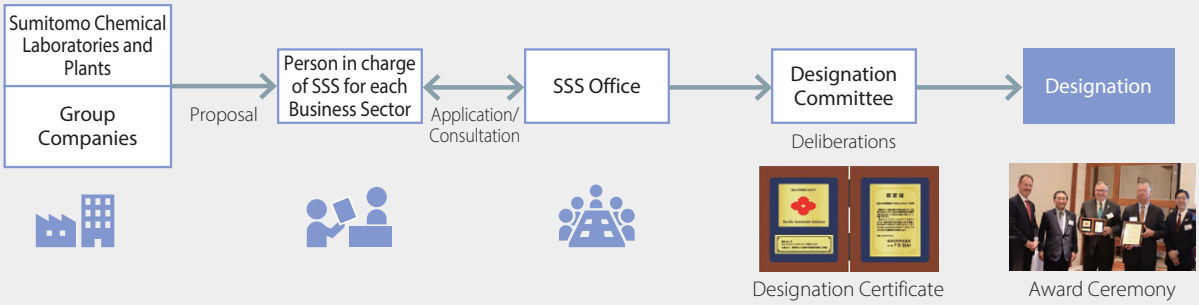
We have also set targets based on sales revenue from SSS-designated products, and we have been monitoring the progress of our efforts using those KPIs. In addition, we include contributions to the creation of social value and SSS designation in the selection criteria for our employee commendation system.

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

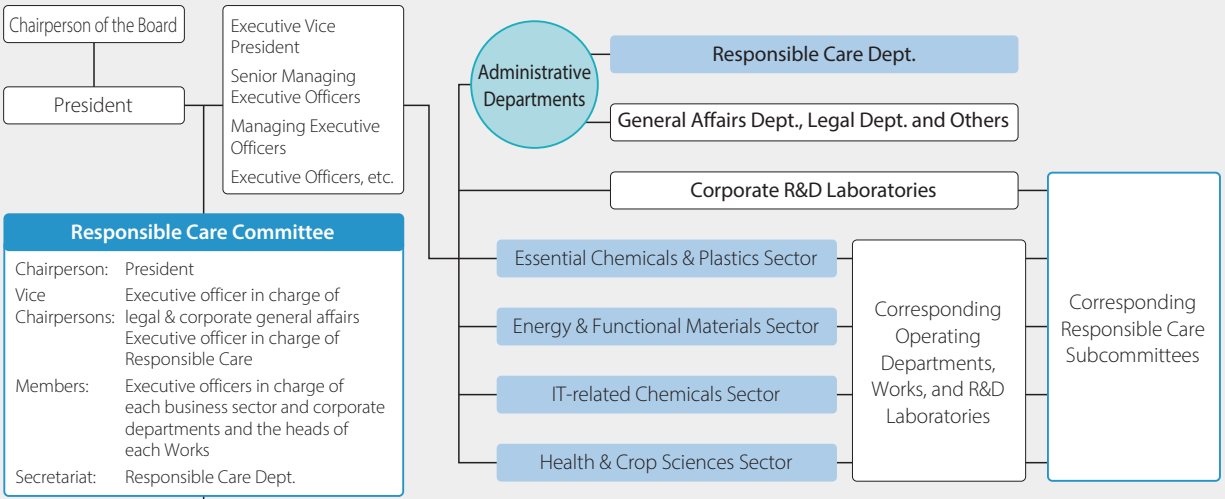
Our laboratories, plants and Group companies apply for designation for their products and technologies, and the Designation Committee formally makes the designation. To date, each in-house designation has been reviewed and verified by a third-party organization.



Designation Certificate

Award Ceremony

Environmentally Friendly Product Designation Committee



Responsible Care Committee

Chairperson:	President
Vice Chairpersons:	Executive officer in charge of legal & corporate general affairs Executive officer in charge of Responsible Care
Members:	Executive officers in charge of each business sector and corporate departments and the heads of each Works
Secretariat:	Responsible Care Dept.

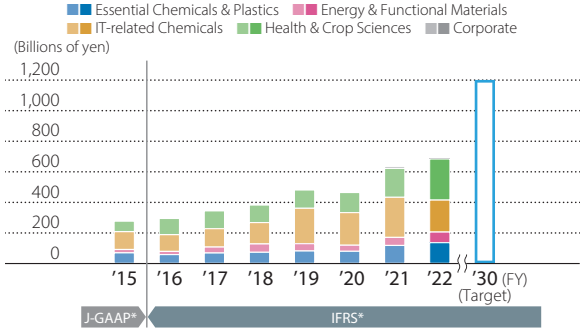
Environmentally Friendly Product Designation Committee (SSS Designation Committee)

Chairperson:	Executive officer in charge of Responsible Care
Vice Chairperson:	General manager of Responsible Care Dept.
Members:	General managers of Planning & Coordination Office of each sector, general managers of Sustainability Dept., Corporate Communications Dept., Research Planning and Coordination Dept., Process & Production Technology & Safety Planning Dept., and Responsible Care Dept.
Secretariat:	Responsible Care Dept.

Promoting Sustainability

In fiscal 2022, the eighth year of this initiative, the number of SSS-designated products and technologies totaled 71, amounting to approximately 682.8 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 gallium nitride (GaN) epitaxial wafers for high frequency 5G communication applications, ecologically friendly pouch containers for liquid shower herbicides to replace spray containers, BENICA Natural Spray insecticide using only natural derived ingredients, organism-based crop protection products that can be used in eco-friendly agriculture, and SumiLarv® 2MR and WALS®, which contribute to vector control. 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



(Billions of yen)

	FY2022
Sales revenue of the Sumitomo Chemical Group	2,895.3
Sales revenue of SSS-designated products	682.8

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

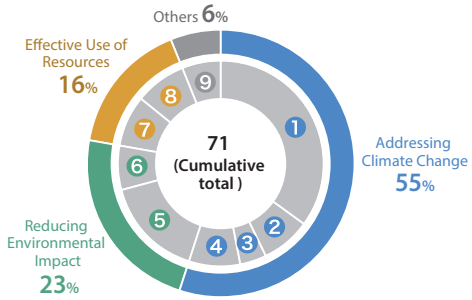
Designation Requirements by Category

Category	Designation Requirements	Responses to the SDGs
Addressing Climate Change	❶ Contributing to reducing GHG emissions	7, 13
	❷ Products, components, and materials used for the creation of new energy sources	7, 13
	❸ Using biomass-derived raw materials	12, 13
	❹ Contributing to adapting to the impacts of climate change	13
Reducing Environmental Impact	❺ Contributing to reducing waste and toxic substances, and contributing to reducing environmental impact	12
	❻ Contributing to reducing environmental impact in food production	2, 12
Effective Use of Resources	❼ Contributing to recycling and energy-saving	12
	❽ Contributing to the efficient use of water	6
Others	❾ Other contributions to building a sustainable society	(Depends on the project)

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

Promoting Sustainability

■ Percentage of Products and Technologies in Each Certification Field (FY2022)



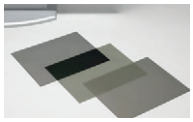
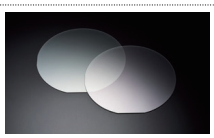
Sumitomo Chemical was awarded the Grand Prize in the 52nd Annual JCIA Technology Awards (May 2020) from the Japan Chemical Industry Association for its technology that enabled "the development and commercialization of a process for manufacturing propylene oxide (PO) using cumene, which has low environmental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

Sumika Sustainable Solutions

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

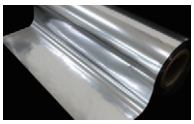
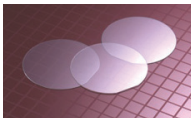
Promoting Sustainability

"Sumika Sustainable Solutions" Main Products and Technologies

Solutions	◆Features / ●Contributions	Contributions to SDGs
Addressing Climate Change		
PERVIO™, lithium-ion secondary battery separator 	◆A material capable of providing high-capacity lithium-ion secondary batteries ●Contributing to the expanded use of next-generation vehicles, such as electric vehicles	7 13
SUMIKAEXCEL™, polyethersulfone 	◆An additive for carbon-fiber reinforced plastics used in aircraft ●Making aircraft lighter and hence fuel-efficient	7 13
UV curing for polarizer lamination 	◆A polarizing film for displays ●Achieves substantial energy saving in manufacturing compared with conventional methods	7 12 13
SUMIMET™, feed additive methionine 	◆Adding methionine to poultry feed improves the balance of amino acids in feed ●Reduced nitrogen in poultry excrement, a cause for green-house gas emissions	12 13
Carbon dioxide separation and recovery technology (Sumitomo Joint Electric Power Co., Ltd.) 	◆Separates and recovers CO_2 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 CO_2 separation and recovery is a proprietary technology of Nippon Steel Engineering Co., Ltd ●Contributes to reducing CO_2 emissions.	13
HEATORAGE™, COMFORMER™, heat storage plastic material 	◆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.	12 13
Cathode materials and their precursors for lithium-ion secondary batteries (Battery Materials Division / Tanaka Chemical Corporation) 	◆These cathode materials and precursors significantly improve the performance of lithium-ion secondary batteries. ●Switching from gasoline cars to hybrid cars will help enhance fuel efficiency.	7 13
Thermofil™ HP, glass fiber-reinforced polypropylene (Sumika Polymer Compounds Europe Ltd.) 	◆Glass fiber-reinforced polypropylene that can be used to replace aluminum and glass fiber-reinforced polyamide parts ●Emits less GHG during production	12 13
Simple sampling technology for hydrogen quality evaluation for fuel-cell vehicles (FCVs) (Sumika Chemical Analysis Service, Ltd.) 	◆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	7 13
Phosphoric acid-free silver etchant (DONGWOO FINE-CHEM Co., Ltd.) 	◆Developed phosphoric acid-free etchant is produced using biomass-derived raw material. ●Uses biomass-derived citric acid as a raw material. Resilient to phos-phorous supply shortages because it does not use phosphoric acid	12
Lightweight packaging containers for crop protection chemicals (Sumitomo Chemical Latin America) 	◆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	12 13
Gallium nitride (GaN) epitaxial wafers for radio frequency wireless communication applications 	◆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.	13

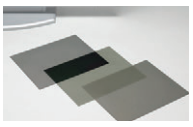
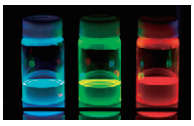
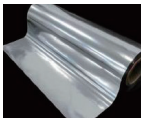
Promoting Sustainability

"Sumika Sustainable Solutions" Main Products and Technologies

Solutions	◆Features / ●Contributions	Contributions to SDGs
Reducing Environmental Impact		
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	
Cobalt-coated nickel Hydroxide positive Electrode material (Tanaka Chemical Corporation) 	◆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.	
Polypropylene materials for aluminum metallization film (The Polyolefin Company (Singapore) Pte. Ltd.) 	◆Polypropylene materials for aluminum metallization film, used for food packaging to extend shelf life. ●Helping extend the shelf life of food products	
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 help 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	
Ecologically friendly pouch containers for liquid shower herbicides (Rainbow Chemical Co., Ltd.) 	◆Replaced plastic bottles with standing pouch containers for liquid shower herbicides ●It reduces the volume and weight of plastic waste.	
BENICA Natural Spray (Sumitomo Chemical Garden Products Inc.) 	◆A new insecticidal and fungicidal spray using a unique formulation of three naturally derived ingredients that shows outstanding efficacy against lepidopteran pests. ●Replacement with sprays using naturally derived ingredients contributes to reducing environmental impact.	
Natural predator insects, organism-based crop protection products (Sumika Technoservice Corporation) 	◆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	

Promoting Sustainability

"Sumika Sustainable Solutions" Main Products and Technologies

Solutions	◆Features / ●Contributions	Contributions to SDGs
Effective Use of Resources		
SUMIKATHENE™EP, EXCELLEN™GMH, polyethylene used for refill pouches 	◆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.) 	◆Being free from paper dust concern and desirable from a viewpoint of re-use, it is used for food containers and delivery materials for electronic parts. ●Contributing to reducing greenhouse gas emissions.	
Effluent treatment technology using a deammoniation tower 	◆Removes and recovers ammonia from effluent and recycles it for re-use. ●Contributes to reducing nitrogen discharge from a manufacturing plant.	
Transfer technology used in the manufacture of flexible touch sensors (Dongwoo Fine-Chem Co., Ltd.) 	◆Manufacturing touch sensors for use in foldable smartphones without the use of adhesive film ●Resource savings and reductions in power consumption have been achieved	
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 ●Contributes to resource saving and environmental impact mitigation by reducing the use of chemicals	
Polymer OLED materials 	◆A coating method for producing polymer OLED materials, replacing conventional deposition method ●Reduces GHG emissions by increasing usage efficiency of OLED materials during manufacturing	
Fungicide filling and maintenance system technology (Pace International) 	◆A fungicide dilution preparation system used for post-harvest fungicide treatment ●Over 50% reduction in water usage from conventional methods	
Others		
Polypropylene material for biaxially stretched films for capacitors (The Polyolefin Company (Singapore) Pte. Ltd.) 	◆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	
Banana Bag (TotalFlex™ 0.4) (Sumitomo Chemical Latin America) 	◆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.	
SumiLarv® 2MR with WALS® (Sumitomo Chemical Latin America) 	◆Promotes relatively optimized vector control by combining SumiLarv® 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	

Promoting Sustainability

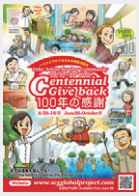
Sumitomo Chemical Group: JIRI-RITA ACTION

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)."

■ Initiatives to Date

2014	2015	2016 – 2018	2019 – 2021	2022 –
	Working as a Unified Group	Understanding the SDGs through Our Business	Accelerating the Promotion of Sustainability	Advancing GX

School Aid for Africa



Centennial Give Back


Our Sustainability Tree

For a Sustainable Future — *JIRI RITA* —

Shape Our Sustainable Future with *JIRI RITA*

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/

2023 Initiative

In 2023, we chose carbon neutrality as the theme, and, on the dedicated website, the Sumitomo Group's management executives and employees around the world are posting and sharing what they are doing and their thoughts on carbon neutrality in their daily lives and work. Posting and sharing their thoughts and actions help accelerate understanding and implementation of "*Jiri-Rita Koushi-Ichinyo* (Our businesses must benefit society at large, not just our own interests)." In addition, by expressing empathy and support for ideas and actions being undertaken around the world, we aim to create a reinforcing cycle of inspiration among Group employees as well as between management executives and employees.

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

Theme: Creating a Carbon-Neutral Future through Your Action

Overview: Focusing on carbon neutrality, which is part of the green transformation (GX) set out in the Corporate Business Plan, we ask management executives and employees to share information on the actions they are taking to reduce CO_2 emissions in their daily lives and work.

(1) Check awareness level: Check your level of awareness regarding carbon neutrality

(2) Know: Know what you can do to reduce CO_2 emissions

(3) Post: Post about the actions you take to reduce CO_2 emissions

(4) Empathize: React to nices and positive comments on posts from around the world

(5) Invite: Invite colleagues and others to the dedicated website and amp up enthusiasm across the entire Group for initiatives aimed at realizing carbon neutrality

Promoting Sustainability

Implementation period: May 8–July 31, 2023
Platform: Dedicated website that Group management executives and employees can access

Sumika ★ Stories

For the purpose of instilling 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 2022, we held the event four times. Participants offered such feedback as "I was able to see another side of Sumitomo Chemical. Learning more about the Company made me like it better," "This was significant for me because it gave me information I could use in my own private life," and "The atmosphere of the event venue was welcoming, and I liked how all audiences could participate using the real-time feedback system." Going forward, we plan to hold four to five events every year.

Concept

Points:

(1) Stories Unique to Sumitomo Chemical
We use cases related to the Group's sustainability, such as SSS (refer to page 30), as topics and get speakers to talk about case overviews, dreams, ideas and other private matters, bolstering participants' awareness, pride, and sense of accomplishment.

(2) Facilitation Centered on Young People
To realize a sustainable society, going forward, young employees, who will be central to leading the way, will facilitate fun conversations in a casual atmosphere with the support of veteran employees.

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


Use of the real-time feedback system


Scene from the day of the event

FY2022 Event Results

	Theme	Number of participants
Third talk	Close-up New Corporate Business Plan	277
Fourth talk	The Present, Past, and Future of Inorganic Materials	369
Fifth talk	Let's create an Era of Circular Plastics	359
Sixth talk	Now? Now is the time! Talk from Digital and Data Science Innovation Department: DX Drivers who can create "value" from "data"	353

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

Our UN Global Compact Activities

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

We are participating in two action platforms: "Climate Ambition" and "Peace, Justice and Strong Institutions."

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

Gist of a Statement from Business Leaders for Renewed Global Cooperation

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

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

https://ungc-communications-assets.s3.amazonaws.com/docs/publications/UN75_UnitingBusinessStatement.pdf

Participation in Initiatives

The Ten Principles of the UN Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle10: Businesses should work against corruption in all its forms, including extortion and bribery.

WE SUPPORT UN GLOBAL COMPACT

Global Compact LEAD 2021 PARTICIPANT

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

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

LEAD Company Certification Standards

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

President Iwata's Remarks Included in the UN Global Compact's CEO Study (released January 16, 2023)

"Nature positive is a concept or approach that encompasses carbon neutrality. Mitigating and reversing the loss of the components of nature, such as air, water and soil, is a pressing issue faced by humanity, and we should meet this challenge head-on, placing utmost and equal importance on each of those components."

The 12th United Nations Global Compact-Accenture CEO Study

https://unglobalcompact.org/library/6103

Participation in Initiatives

Participation in the WBCSD*1

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

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

WBCSD | Chemical Sector SDG Roadmap

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

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

WBCSD | TCFD Chemical Sector Preparer Forum Report

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

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

Initiatives for TCFD*2 Recommendations

The Sumitomo Chemical Group uses the framework of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for disclosing information on addressing climate change and actively communicating 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.

Participation in Initiatives

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

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

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

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

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

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

In addition, Sumitomo Chemical is deeply involved in activities that encourage solutions to the plastic waste problem through Japanese organizations via AEPW. We proactively participate in initiatives that discover and support startups that work to solve problems 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/

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

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

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

CLOMA

https://cloma.net/english/

Participation in Initiatives

Participation in Japan Partnership for Circular Economy (J4CE)

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

Sumitomo Chemical introduces its initiatives to realize a circular economy, including plastic chemical recycling, on the J4CE website.

J4CE

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

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

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

Our ICCA* Activities

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

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

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

Stakeholder Engagement Program Hosted by Caux Round Table Japan

P.168 **Respect for Human Rights:** Engaging in Human Rights Initiatives

Participation in Initiatives

Our WEPs Activities

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

The Women's Empowerment Principles

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

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

P.188 **Human Resources Management:** Promoting the Active Advancement of Women

■ Fiscal 2022 GCNJ's WEPs Subcommittee Meetings Overview

Meeting	Date	Theme
1	July 8, 2022 (Friday)	What are the WEPs? Latest trends
2	August 5, 2022 (Friday)	Power to put your own opinions into words by nurturing logical thinking × D&I
3	November 30, 2022 (Wednesday)	Case studies and panel discussion of three member companies
4	March 3, 2023 (Friday)	How to create workplaces where diverse personnel thrive
5	April 4, 2023 (Tuesday)	The significance of womenomics

Note: Conducted online due to the COVID-19 pandemic

Communication with Stakeholders

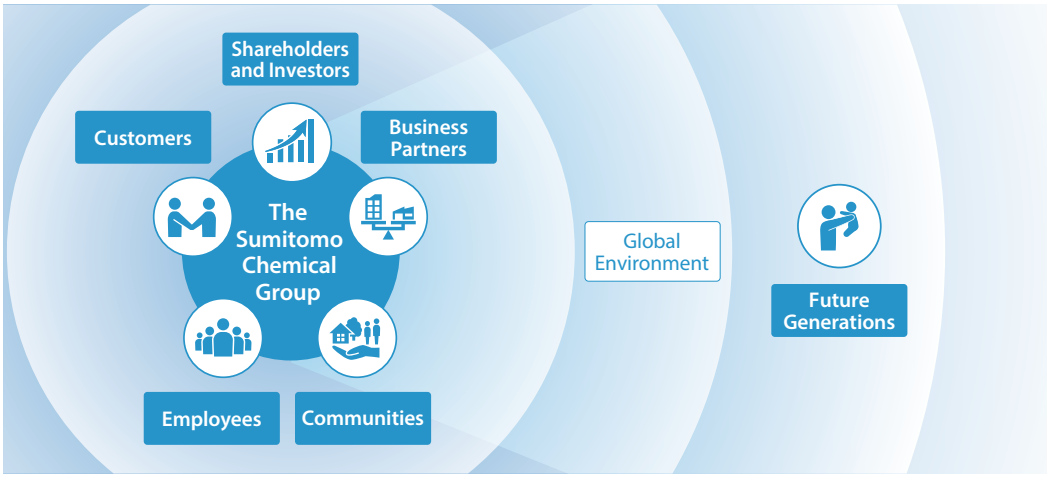
Principle 4 of the Sumitomo Chemical Group's Basic Principles for Promoting Sustainability states, "We are committed to work closely with various stakeholders through promoting spontaneous disclosure of information and open dialogue on the targets of our sustainability promotion initiatives and the progress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

(1) 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.	• General meetings of shareholders • Corporate strategy briefing meetings • Financial results conference call • Briefing meetings for individual investors • Investor relations publications, including Annual Report • 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.	• 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 rela-tions 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.	• 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.	• 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 mutual prosperity with local communities by holding two-way dialogues and enhancing disclosure.	• Participating in international initiatives (Including UNGC, WBCSD and ICCA) • Providing information mainly through the Company's website and Annual Report • Holding dialogues with local communities • Social contribution activities

Communication with Stakeholders

External Evaluation

FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

This is an index designed by FTSE Russell, a global index provider.

FTSE4Good

Consists of companies demonstrating strong Environmental, Social and Governance (ESG) practices selected from among all leading global companies.

FTSE Blossom Japan

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

FTSE Blossom Japan Sector Relative Index

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

MSCI Japan ESG Select Leaders Index / MSCI Japan Empowering Women Index (WIN)

This index is designed by MSCI, a provider of various tools to support institutional investors around the world in their investment decision making.

MSCI ESG RATINGS AAA

It selects companies demonstrating strong ESG practices from component issues of the MSCI Japan IMI Top 500 Index.

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

It selects companies demonstrating strong practices in promoting women's participation and advancement.

S&P/JPX Carbon Efficient Index

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

Gold Medal in EcoVadis Sustainability Assessment

Sumitomo Chemical has received a Gold medal in a sustainability assessment by EcoVadis for the fourth consecutive year, an award recognizing companies whose performance is in the top 5% of all companies rated. Established in 2007, EcoVadis is a performance rating agency focused on corporate environmental, social, and governance (ESG) practices, working to help companies improve their environmental and social practices through their global supply chains. The agency has assessed about 100,000 companies from 175 countries across 200 business sectors in terms of corporate policies, initiatives, and achievements in four areas: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.

CDP "Climate Change A List 2022," CDP "Water Security A List 2022"

Sumitomo Chemical has been named on CDP's "Climate Change A List 2022" and "Water Security A List 2022" as a company recognized for its particularly excellent activities to address climate change and water security, including target setting, actions and transparency. The Company has been named on the Climate A list, the highest rating given by CDP, for five consecutive years, and on the Water Security A list for the three consecutive years.

CDP (formerly the Carbon Disclosure Project) is an international non-governmental organization that incentivizes companies and governments to become leaders in reducing greenhouse gas emissions, managing water resources, and conserving forests. CDP collects information from major companies about their environmental efforts on behalf of institutional investors around the world and scores their performance on an eight-level scale. Of 19,000 companies that disclosed their environmental efforts to CDP, 45 global companies and 10 Japanese companies received the highest ratings in terms of actions for both climate change and water security.

17th JCIA Responsible Care Awards, Grand Prix Award

The Japan Chemical Industry Association (JCIA) awarded the Sumitomo Chemical Group the Grand Prix Award at the 17th JCIA Responsible Care Awards. The Responsible Care Awards are given by the JCIA to honor companies and individuals who help stimulate and promote the widespread adoption of responsible care activities in Japan. The theme of the awards is "contributing to the realization of carbon neutrality throughout society". We were commended on our efforts assess and reduce greenhouse gas (GHG) emissions with business partners and industry organizations, such as our early start to calculating important Scope 3 emissions to reduce supply chain emissions and the provision of our unique product carbon footprint (CFP) calculation system at no cost.

一般社団法人 日本化学工業協会
Japan Chemical Industry Association

Certification

2023 Health and Productivity Management Awards – White 500

P.197 Healthcare

Next-generation Kurumin certification mark

P.185 Work-Life Balance

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.13 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.14 What Sumitomo Chemical Group Strives to Be

P.18 The Material Issues to Be Addressed as Management Priorities

P.20 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	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Energy & Functional Materials	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION
IT-related Chemicals	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS
Health & Crop Sciences	2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS
Pharmaceuticals	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

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https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/files/docs/ar2023_23e.pdf

Advance Innovation

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

Research and Development Basic Stance

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

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

Basic Policy

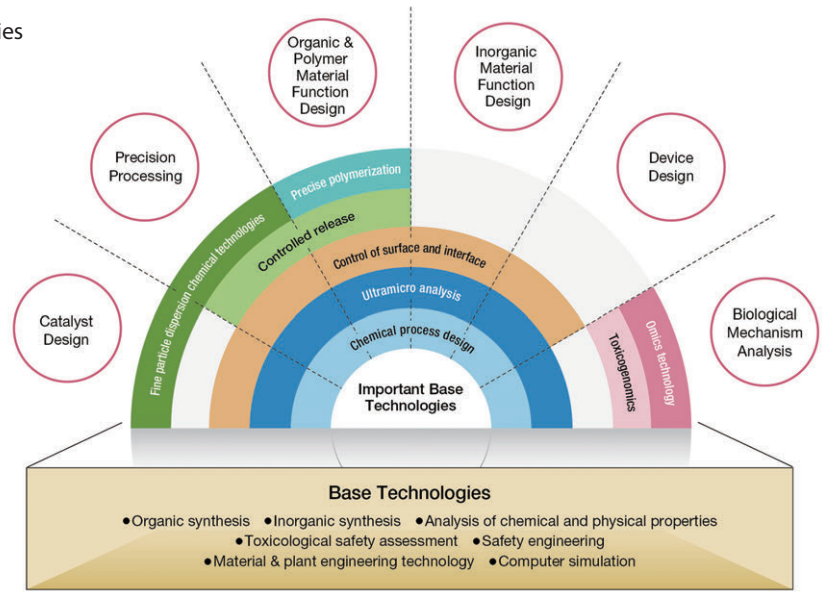
1. Early commercialization of development items
2. Building the foundation of next-generation businesses
3. Building and operating a system to continuously create innovation
4. Promoting R&D based on business (commercialization) strategies and intellectual property strategies

Strengths of Sumitomo Chemical's R&D

Sumitomo Chemical has been developing six core technologies by utilizing its technologies accumulated through a broad range of research activities over many years. The six core technologies are catalyst design, high-precision processing, design of functional organic chemicals and polymers, design of functional inorganic materials, device design, and analysis of bio-mechanisms. We are engaged in research and development to create new solutions to social issues and trends around the world by utilizing these core technologies. 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



Advance Innovation

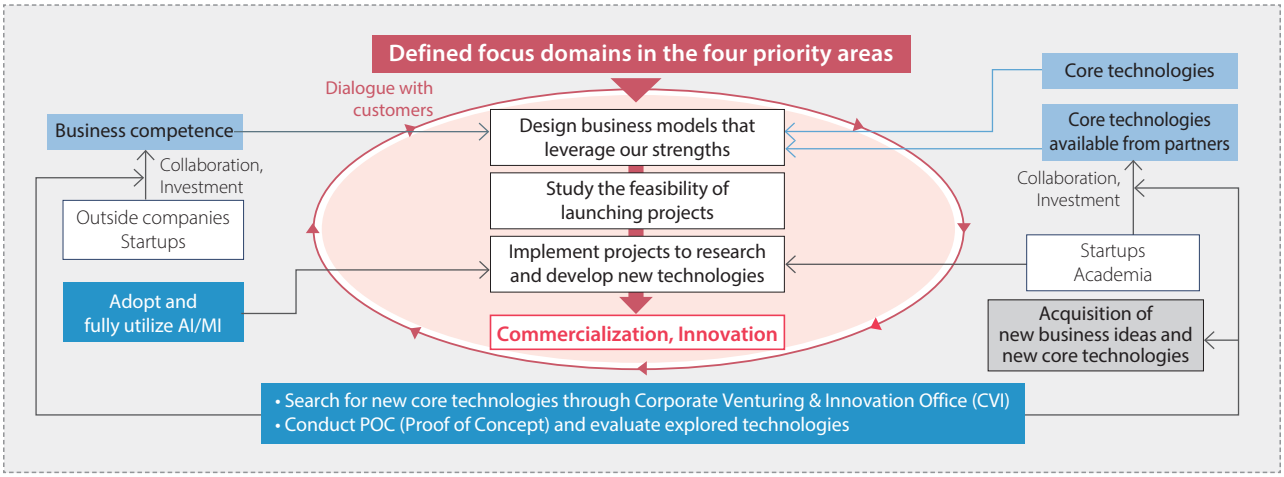
Sumitomo Chemical's Innovation Ecosystem Accelerates the Creation of Next-Generation Businesses

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

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

* Materials Informatics

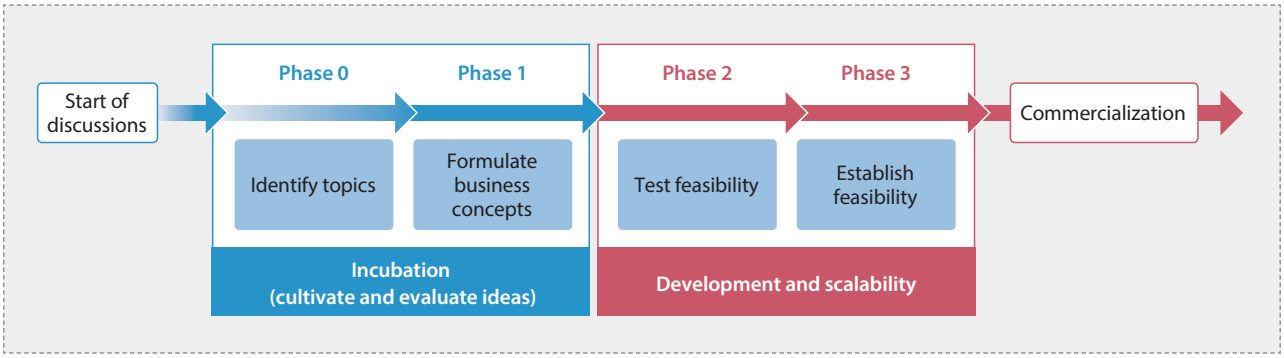
■ Innovation Ecosystem



Stage-gate Management System

In considering thematization, the Stage-gate Management System for Corporate Research Themes was introduced in earnest in FY2019, and research themes 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 themes 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. This has enabled us to promptly create new themes and make decisions on discontinuation of projects, taking into account their future potential. In the past three years, about half of the research themes have been replaced due to the creation of new themes, interruptions, and transfers to business divisions.

■ Overall Picture of the Stage-gate Management System



Advance Innovation

Intellectual Property Basic Policy

As a diversified chemical company, the Sumitomo Chemical Group pursues global business development in an array of fields with widely differing characteristics and environments based on the basic policies below. In the course of doing so, we look to intellectual property as a source that gives us a competitive edge. We file patent applications for our accomplishments involving technologies, research, and development based on business strategies. Also, we promote the acquisition of patent rights and are building a robust patent portfolio to maintain and strengthen our competitive edge. In addition, in our material fields of the environment, food, healthcare, and ICT, we must build a cooperative business model that includes supply chains and co-creation with companies, universities, and others. Based on the results of its research and development, Sumitomo Chemical promotes the strategic acquisition of rights aimed at co-creation and cooperation.

Basic Policy

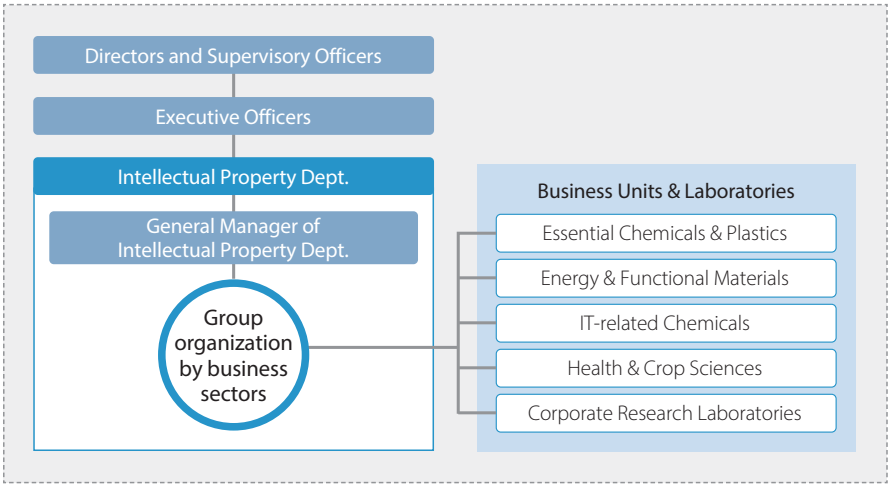
1. Promote activities in line with our business strategies
2. Create global business value
3. Strive to utilize all technological development accomplishments
4. Respect rights and comply with the law

Management System

Under the guidance and supervision of executive officers responsible for and in charge of intellectual property, reports are submitted as necessary to regular meetings regarding major IP issues, measures, strategies, and activities. In addition, the intellectual property department was reformed into group-specific organizations adapted to each business sector in 2019 to conduct intellectual property activities more closely aligned with businesses. Under this organization, we promote intellectual properties activities unified with businesses while cooperating with the intellectual property managers of business sectors, research laboratories, and each base.

We regularly hold meetings with Group companies in Japan and overseas, sharing each company's IP activities and the latest information on IP-related legal systems and topics, thereby striving to strengthen and enhance IP activities across the entire Sumitomo Chemical Group.

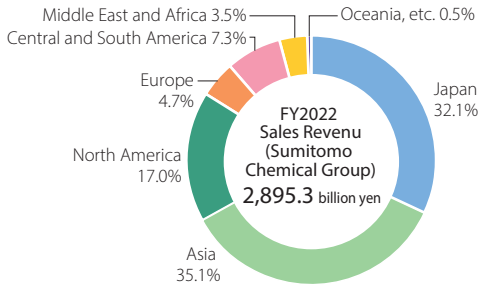
Structures for Intellectual Property

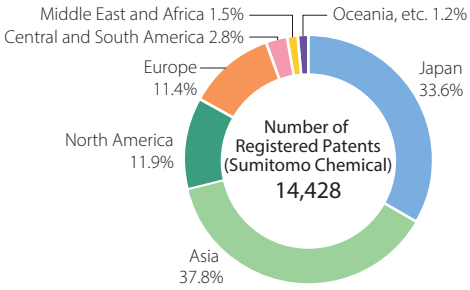


Advance Innovation

Results

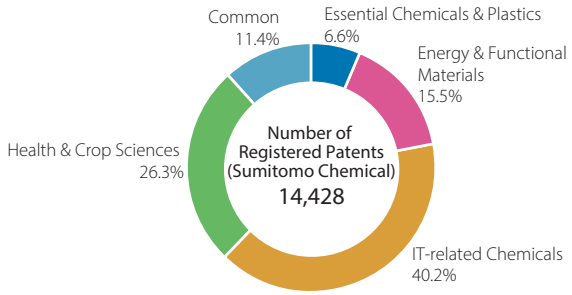
Number and Ratio of Registered Patents and Ratio of Sales Revenue by Region





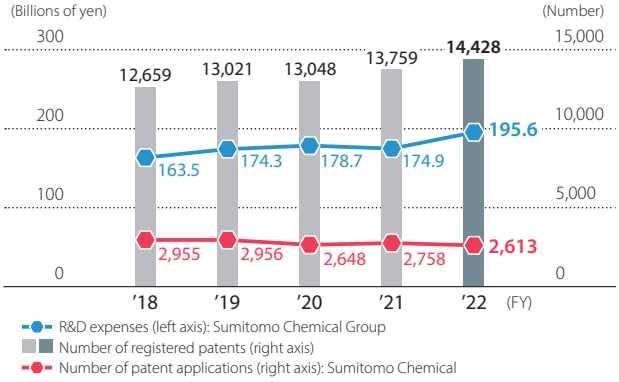
Note: as of April 2023

Number and Ratio of Registered Patents Held by Sector



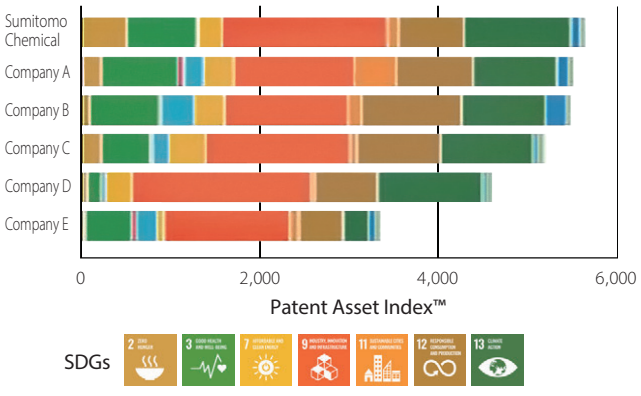
Note: as of April 2023

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

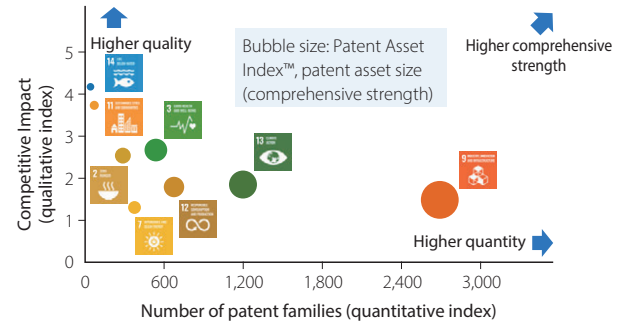


SDG-Related Patent Asset Size

SDG-Related Patents for Chemical Companies in Japan



Sumitomo Chemical, Top SDG-Related Patents



Notes:
- The graph on the left shows the patent asset size of SDG-related patents of domestic chemical companies (as of March 2023), and the graph on the right is a bubble chart for the top SDGs of the Company's SDG-related patents (as of May 2023).
- Patent asset size is evaluated using the Patent Asset Index™, generated using the patent analysis tool LexisNexis PatentSight®.
- The Patent Asset Index™ is an index for comprehensively assessing the status of legally active patents based on the number of patent families (quantity) and competitive impact (quality). The graph on the left is a horizontal bar graph, and the one on the rights shows the bubble size.
- The number of patent families shows the number of patents with effective legal status. The competitive impact is calculated using LexisNexis PatentSight® based on the number of citations and application countries of patent families with effective legal status.
- The colors correspond to the relevant SDGs.

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. In addition, we boast a top-class patent asset size among domestic chemical companies and promote innovation aimed at recent sustainable growth.

Advance Innovation

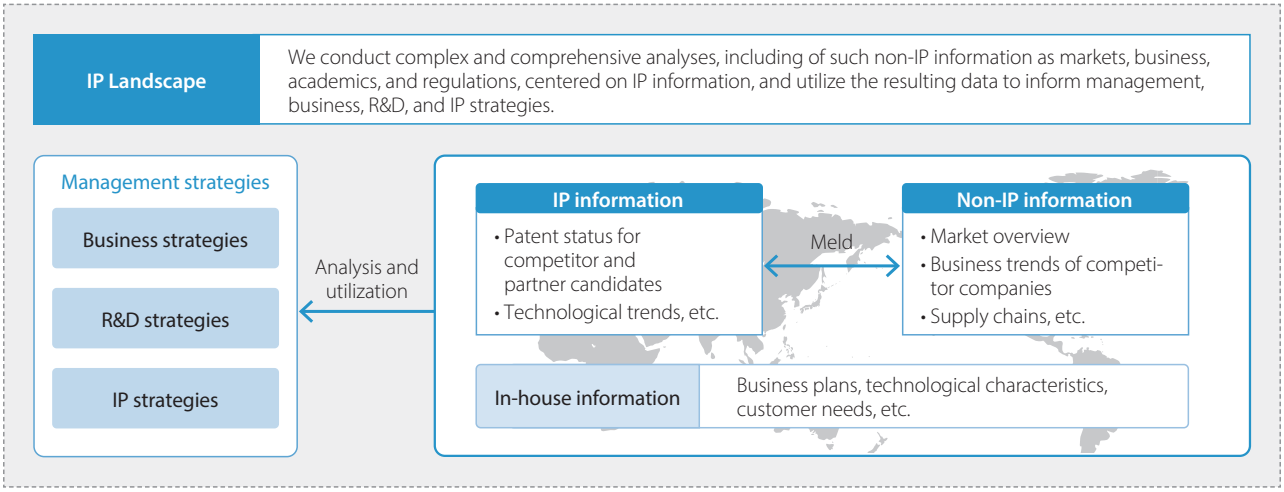
Examples of Initiatives

IP Activities

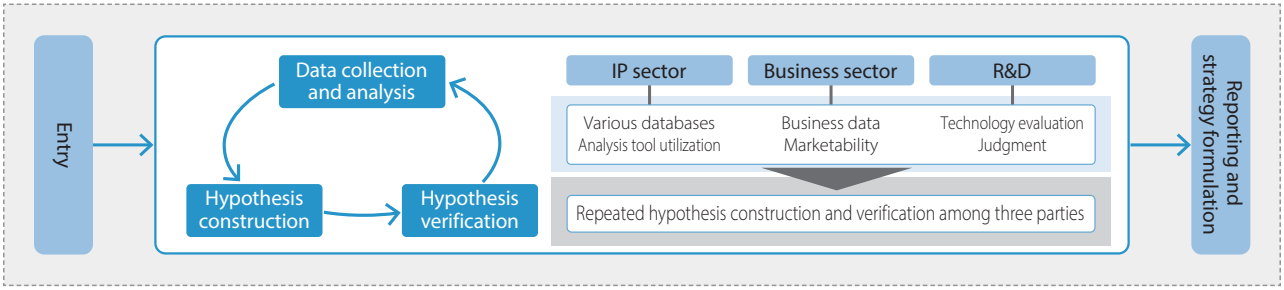
In the IP sector, to promote IP activities aligned with our business strategies, at each stage of business development, we accurately investigate and analyze IP as necessary and share and discuss information on business sectors and R&D. We analyze the rights of other companies for IP risk countermeasures and continuously strive to swiftly identify and minimize risks.

In addition, in the late 2010s, as a new solution focused on changes in the environment surrounding business and IP, we launched IP landscape activities to complexly analyze markets and other non-IP data when searching for new themes, searching for customer and partner candidates, and considering M&A. Currently, we position these activities as key activities for the IP sector and utilize them in drafting strategies for management, business, R&D, and IP. (See illustration below.) Going forward, we will continue promoting IP activities while working to make operations more efficient by proactively implementing data search software and AI technologies, which have made significant progress recently.

■ IP Landscape Activity Outline



■ IP Landscape Process Example



Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2023™ Award – Recognized as One of the World's Top 100 Innovators for the Second Consecutive Year–

Sumitomo Chemical has received the Clarivate Top 100 Global Innovators 2023™ Award, which is selected by Clarivate, a U.S.-based global leader in providing trusted information and insights to accelerate innovation. This was the second 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.

Top 100 Global Innovator 2023
Clarivate™

Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2023 Award (Japanese only)

https://www.sumitomo-chem.co.jp/news/detail/20230227.html

Governance

Contributing to the SDGs through Governance

Contents

Corporate Governance

Sumitomo Chemical has long dedicated itself to improving its corporate governance, and has undertaken a number of initiatives to further that end, including implementing the Corporate Governance Code. The Company also makes continual improvements to ensure that its corporate governance structures serve their functions appropriately, including executive nomination and remuneration, and that the Board of Directors is highly effective, with the aim of further improving corporate governance.

Basic Stance

Sumitomo Chemical cherishes deeply the Sumitomo Spirit which has been passed down through generations over nearly 400 years, the basic teaching of which is not to seek its own corporate interests alone, but to contribute to society through its business activities. In accord with this business credo, the Company strives to constantly take on the challenges of creating new value by capitalizing on its proprietary technologies toward achieving the Company's sustained growth while at the same time cultivating a corporate culture full of vigor and growing as a Company that earns trust from the public at large. Recognizing that highly effective corporate governance is vital to attaining these ends, the Company keeps working to further enhance its corporate governance in accordance with the following policies and principles, centering particularly on closer cooperation with shareholders and various other stakeholders, faster decision making, proper oversight of business execution, enhanced systems of compliance and internal control, and active dialogue with stakeholders.

- Sumitomo Chemical not only shall respect the rights of shareholders, but shall endeavor to provide an environment where shareholders can exercise their rights smoothly and also to ensure the effectively equal treatment of shareholders.
- Recognizing that cooperation with various stakeholders (including shareholders, employees, customers, business partners, creditors, and local communities) is essential to sustained growth, Sumitomo Chemical shall proactively work to fulfill its corporate social responsibility and strive to cultivate the corporate culture of a company that can be trusted by society.
- As part of efforts to build a foundation for constructive dialogue with stakeholders, Sumitomo Chemical shall endeavor to provide information that is highly reliable and useful to recipients.
- Sumitomo Chemical's Board of Directors shall fulfill its role and mission properly, based on their fiduciary responsibilities and accountability to shareholders and recognizing the important role of Independent Outside Directors & Auditors, through such measures as presenting appropriate corporate management policies and business strategies that have taken into account changing socioeconomic conditions, and conducting highly effective oversight over the execution of business.
- Sumitomo Chemical shall endeavor to promote constructive dialogue with shareholders with the aim of seeking to attain the Company's sustained growth and to enhance corporate value in the medium to long term.

Sumitomo Chemical Corporate Governance Guidelines

https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_pdf_01.pdf

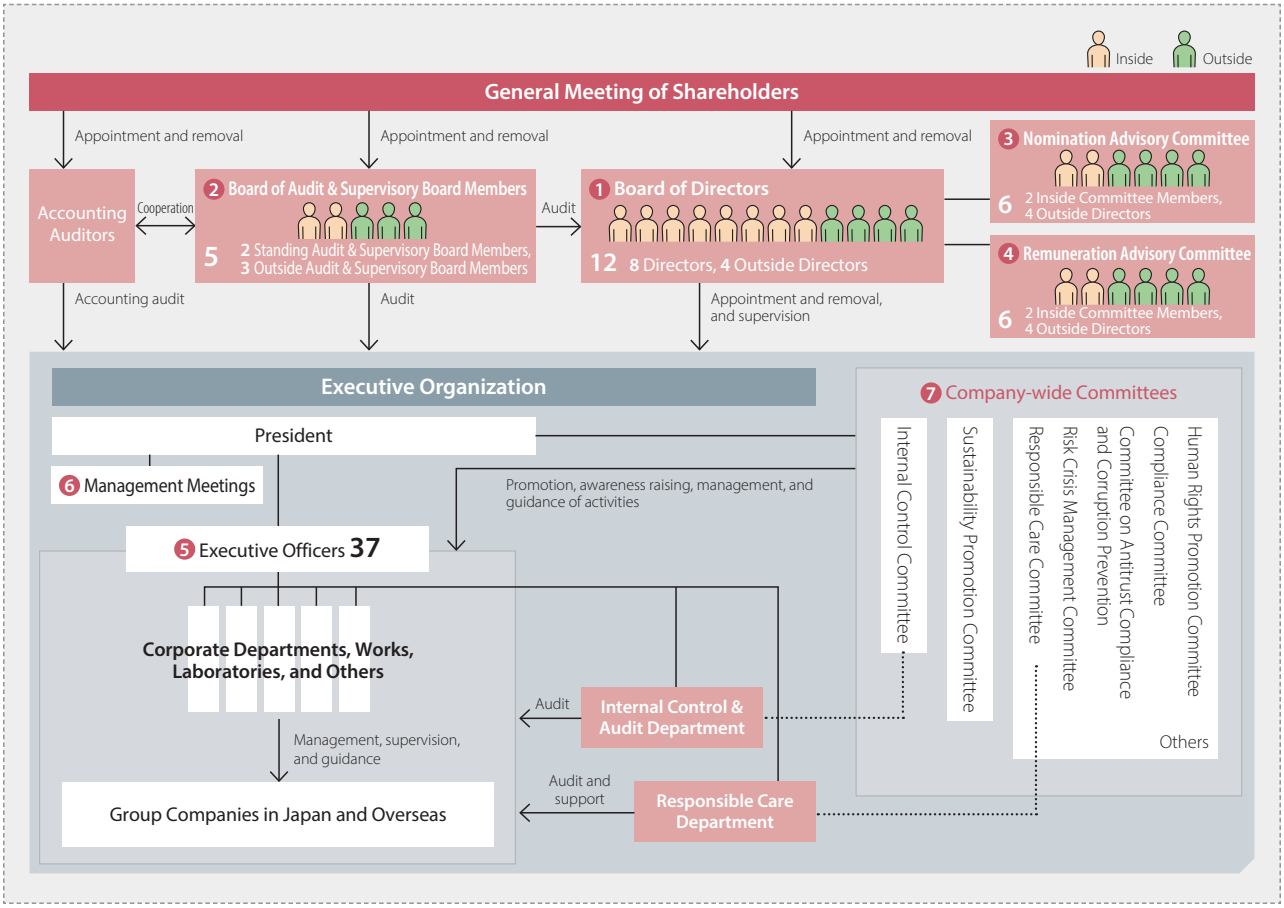
Measures to Date for Strengthening Corporate Governance

Date		Major Initiatives	Board Composition	Appointment of Board Members	Executive Remuneration	Other
2003	June	Introduced Executive Officer system (reduced number of Directors from 25 to 10)	●			●
	July	Established Compliance Committee				●
2004	June	Eliminated system of retirement benefits for Directors and Audit & Supervisory Board Members			●	
2007	May	Established Internal Control Committee				●
	September	Established Remuneration Advisory Group			●	
2010	September	Established Nomination Advisory Group		●		
2011	November	Drew up standards for appointment of Independent Outside Directors	●	●		
2012	June	Appointed 1 Outside Director	●			
2015	June	Selected 3 Outside Directors (increased by 2)	●			
	October	Established Remuneration Advisory Committee in place of Remuneration Advisory Group			●	
		Established Nomination Advisory Committee in place of Nomination Advisory Group		●		
2016	December	Formulated Sumitomo Chemical Corporate Governance Guidelines				●
2018	June	Selected 4 Outside Directors (including 1 woman) (increased by 1)	●			
2021	June	Board of Directors consisting of more than 1/3 Outside Directors	●			
2022	June	Introduction of a restricted stock compensation plan for Internal Directors and Executive Officers			●	

Corporate Governance

Corporate Governance Organization

■ Corporate Governance Organization (As of July 1, 2023)



1 Board of Directors

The Sumitomo Chemical Board of Directors decides important matters concerning the Company's management, including management policy and business strategies, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director.

It also analyzes and assesses the effectiveness of the Board of Directors, and follows up on the results to ensure and improve effectiveness. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders.

■ Overview of the Board of Directors (FY2022 16 times held)

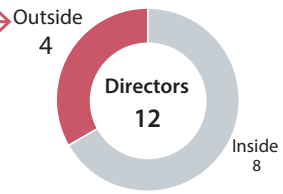
Chairperson	Chairman of the Board	The Chairman of the Board does not concurrently serve as Executive Officer.
Number of Persons	12	Outside Directors make up one third or more of the Board of Directors.
Frequency	Monthly in principle	Special meetings of the Board of Directors are convened as needed.
The Term of Office of Directors	One year	The term of office of Directors is one year, in order to establish clear administrative responsibility and roles for Directors.

■ Breakdown of 12 Directors

	Male	Female	Total
Inside	8	0	8
Outside*	3	1	4
Total	11	1	12

* Independent Outside Directors having no conflicts of interest with general shareholders

Ratio of outside directors: 33.3%



Corporate Governance

Major Agendas Discussed at Meetings of the Board of Directors in Fiscal 2022

- Financial results, dividends, financing
- Management strategy, sustainability, assessment of the effectiveness of the Board of Directors
- R&D, digital innovation, IT promotion
- Internal controls, responsible care, risk management, compliance
- Nomination, remuneration, important personnel changes
- Audit & Supervisory Board Members, accounting auditors
- Status of important investments
- Other
  - Important matters for operating businesses of listed subsidiaries
  - Carbon neutral strategies
  - Human capital
  - Stakeholder dialogue

etc.

② Board of Audit & Supervisory Board Members (FY2022 15 times held)

We have an Audit & Supervisory Board Members system, with the Board of Audit & Supervisory Board Members consisting of five Audit & Supervisory Board Members. The Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Audit & Supervisory Board Members meets monthly as a rule and strives to obtain timely information, including important compliance-related information.

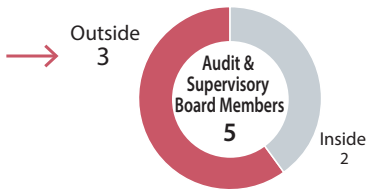
Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and the Board of Audit & Supervisory Board Members. In conducting their audits, they receive reports and explanations as needed from the Internal Control & Audit Department, operating divisions, and accounting auditors. In addition, Standing Audit & Supervisory Board Members attend meetings of the Internal Control Committee and other important Company meetings.

The results of audits and the objective views of Outside Audit & Supervisory Board Members are appropriately reflected in internal audits, Audit & Supervisory Board Members' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing. The Audit & Supervisory Board Members' Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Audit & Supervisory Board Members.

Breakdown of 5 Audit & Supervisory Board Members

Inside	2
Outside*	3

* Independent Outside Audit & Supervisory Board Members having no conflicts of interest with general shareholders



③ Nomination Advisory Committee

An advisory committee of the Board of Directors relating to the selection of senior management* and the nomination of Directors and Audit & Supervisory Board Members. The committee, whose members are Directors (the majority of whom are Outside Directors) makes recommendations to the Board of Directors when selecting executives, with the aim of ensuring even greater transparency and fairness in executive selection and also clarifying the process of executive selection.

* Senior management means Executive Officers above Senior Managing Executive Officer, and Managing Executive Officers who are immediately under the President, supervising certain functions.

Corporate Governance

4 Remuneration Advisory Committee

An advisory committee of the Board of Directors relating to the remuneration system and remuneration levels for Directors and Executive Officers, as well as other related issues. The committee, whose members are Directors (the majority of whom are Outside Directors) makes recommendations to the Board of Directors when determining systems for and levels of executive remuneration, among other issues, with the aim of further increasing transparency and fairness.

In addition, upon authorization by the Board of Directors, the committee determines the amount of compensation for each individual senior management and Directors in accordance with the policies for determining compensation of senior management and Directors.

■ Composition of the Nomination Advisory Committee and the Remuneration Advisory Committee and Attendance Status (Meetings Attended / Meetings Held) in Fiscal 2022

		Nomination Advisory Committee	Remuneration Advisory Committee
Chairman of the Board	Masakazu Tokura (Chairman)	2/2 times (100%)	4/4 times (100%)
Representative Director & President	Keiichi Iwata	2/2 times (100%)	4/4 times (100%)
Outside Director	Koichi Ikeda	2/2 times (100%)	4/4 times (100%)
Outside Director	Hiroshi Tomono	2/2 times (100%)	4/4 times (100%)
Outside Director	Motoshige Itoh	2/2 times (100%)	4/4 times (100%)
Outside Director	Atsuko Muraki	2/2 times (100%)	4/4 times (100%)

Note: Constituent members: Outside Directors and the Chairman of the Board, and the President

■ Activities of the Advisory Committees in Fiscal 2022

Nomination Advisory Committee	• Deliberation on officers for fiscal 2023
Remuneration Advisory Committee	• Deliberation on basic remuneration • Deliberation on the bonuses of officers • Deliberations related to revising the policies and procedures for determining compensation of senior management and Directors • Deliberation on basic remuneration of officers • Deliberations and decisions on the amount of remuneration of each Director and individual executive management team member

5 Executive Officers

We have appointed Executive Officers to expedite the implementation of business operations. Executive Officers are responsible for carrying out operations in accordance with the policies adopted by the Board of Directors. The term of office for Executive Officers is one year.

■ Breakdown of 37 Executive Officers (FY2023)

	Male	Female	Total
Japanese	32	3	35
Non-Japanese	2	0	2
Total	34	3	37

6 Management Meetings

Management Meetings support decision making by management as an institution for debating such important issues as corporate strategy and capital investment, including matters to be deliberated in the Board of Directors and reports to be made to the Board. Management Meetings consist of the Executive Officers who are in charge of or who supervise key management functions, the Standing Audit & Supervisory Board Members, and the Chairman of the Board. In principle, the meetings are held 24 times a year.

Corporate Governance

7 Company-wide Committees

We have established internal meetings (committees) to deliberate on important matters concerning the management of the Company and the Group from a broad and diverse range of viewpoints. The content of these meetings is reported to the Board of Directors as needed, and the committees receive instructions from the Board of Directors in an effort to enhance business execution and oversight functions. Several of these committees are attended by the Standing Audit & Supervisory Board Members, who serve as observers, including the Internal Control Committee, the Compliance Committee, and the Responsible Care Committee.

We regard the promotion of sustainability as a core issue for the entire Group. In 2018, we established the Sustainability Promotion Committee to further strengthen our sustainability initiatives. The Responsible Care Committee also examines specific measures to address climate change and other environmental issues. To further promote initiatives related to respect for human rights, the Human Rights Promotion Committee was established in fiscal 2019.

Overview of Committees and Number of Meetings

Name	Details	Number of Meetings Held in FY2022
Internal Control Committee	By debating various measures to build or expand internal control systems, and monitoring their implementation status, this committee is intended to continually improve the internal control systems of the Sumitomo Chemical Group.	3
Sustainability Promotion Committee	This committee suggests measures to accelerate the Sumitomo Chemical Group's contributions to sustainability, taking in a comprehensive perspective on risks and opportunities with regard to medium- to long-term issues in the environment and society.	2
Responsible Care Committee	This committee formulates annual policies, medium-term plans, and specific measures concerning responsible care (safety, health, environment, and quality), including climate change issues.	1
Risk Crisis Management Committee	This committee deliberates on policies for specific risks and crises, such as earthquakes, wind and flood damage caused by extreme weather, pandemics, and breakdowns in public security.	1
Committee on Antitrust Compliance and Corruption Prevention	This committee reviews the regulatory trends and cases related to domestic and foreign antitrust laws and anti-corruption regulations and deliberates on the operation of compliance systems in the Group, new initiatives based on those, and action plans going forward.	1
Compliance Committee	This committee deliberates on the Group's compliance policies and action plans, and the status of the operation of the compliance system, including responses to internal reports and the results of activities.	1
Human Rights Promotion Committee	This committee promotes increasing awareness of human rights issues, and drafts and executes policies to respect human rights in the entire value chain including Sumitomo Chemical Group.	1

Note: Each committee separately held subcommittee meetings on specific important topics and secretariat meetings.

Corporate Governance

Efforts to Substantively Strengthen Corporate Governance

Changes in the Method of Operation of the Board of Directors

In FY2015, Sumitomo Chemical drastically reconsidered its various policies relating to the method of operation for the Board of Directors and corporate governance with the major aims of further strengthening the monitoring functions of the Board and further improving the transparency and objectivity of management, among other goals. At the time, a great deal of emphasis was placed on maximizing the use of the functions of Outside Directors and Audit & Supervisory Board Members, so a variety of measures were considered to achieve this, centered on the thought that it would be essential to address the information asymmetry between internal executives and Outside Directors and Audit & Supervisory Board Members. As a result of the numerous improvements made each year since then, meetings of the Board of Directors, as well as the operation of various related meetings before and afterwards, follow the procedures laid out in the table below.

A few days prior to the Board of Directors meeting

Advance briefing

Day of the Board of Directors meeting

Board of Directors
(Standard flow)

9:00	Resolutions
10:00	Reports • Head office monthly report • Business sector monthly report • Report on important proposals
11:15	Rotation report
12:00	End

More than 2/3 of the time in meetings of the Board of Directors is used for discussions.

Upon completion of the Board of Directors meeting

Meetings

Expanded Advance Briefings for Outside Directors and Audit & Supervisory Board Members, Organic Coordination with the Board of Directors
- The roles of advance briefings and meetings of the Board of Directors have been clarified, ensuring sufficient time for discussion in the Board of Directors meeting
- The content of advance briefings, including points of discussion, are reflected in the deliberations of the Board of Directors

Report on the Summary of Internal Discussion at a Management Meeting
- Report the summary of discussions held in internal meetings for important agenda items and how the views expressed in those discussions are reflected in the agenda items

Report to Board of Directors before Deciding on a Major Proposal
- For important agenda items, such as the management direction, M&A, and other major projects, reports (including progress reports) are made to the Board of Directors from the early stages of consideration so that they can reflect the Board's intentions

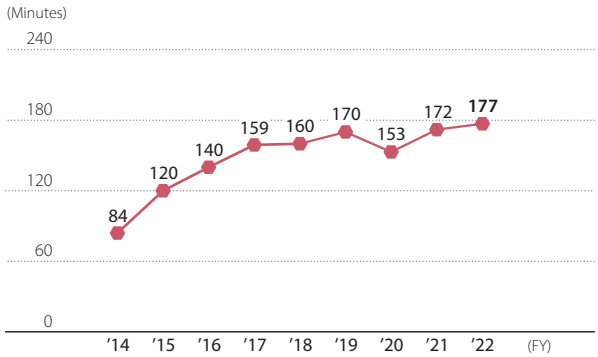
Each Sector Sets Aside a Block of Time to Make Comprehensive and Systematic Reports
- Assign a sector to make a report on the overview of business, strategy, and the progress of various measures and R&D. (Main sectors of the Head Office are also subject to the assignment.)

Opportunities for Informal Discussions
- Meetings for Outside Directors and Audit & Supervisory Board Members only (twice a year)
- Social meetings of Outside Directors and Audit & Supervisory Board Members with internal executives (several times a year)
- Meetings for Outside Directors and Audit & Supervisory Board Members and main sectors (6 times a year)

Visits to Production Sites
- Outside Directors and Audit & Supervisory Board Members visit to our business offices, and Group companies outside Japan (twice a year)

Through this sort of effort for improvement, the Board of Directors has grown more active each year, and the amount of time required for their meetings is steadily increasing.

■ Average Length of Board of Directors Meetings

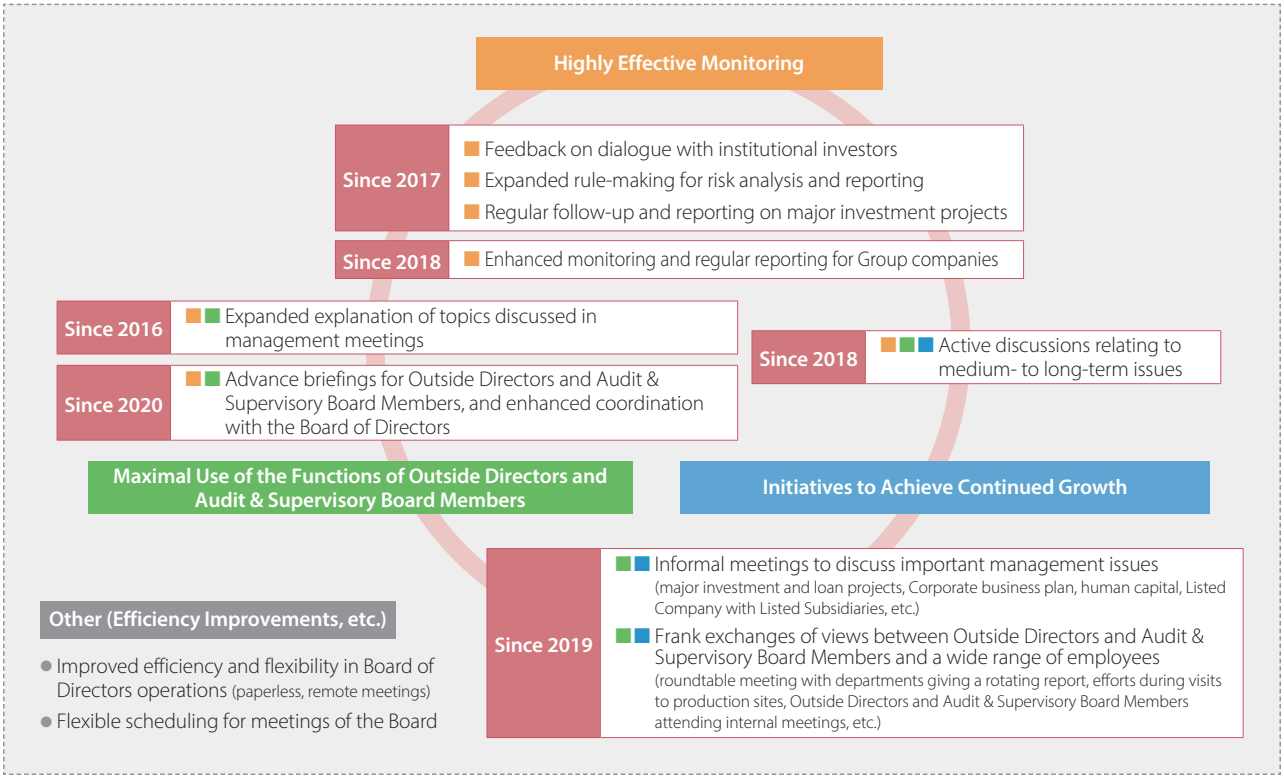


Corporate Governance

Utilizing the Oversight and Advisory Functions of Outside Directors and Audit & Supervisory Board Members

As a result of efforts such as reviewing the way the Board of Directors operates, Outside Directors and Audit & Supervisory Board Members have expressed the view that meetings of Sumitomo Chemical's Board of Directors feature free, frank, constructive, and lively debates. In addition, we have received numerous suggestions and advice from Outside Directors and Audit & Supervisory Board Members on how to operate the Board of Directors, support systems for Outside Directors and Audit & Supervisory Board Members, and various corporate governance improvement measures, during the meeting of Board of Directors as well as informal meetings of Outside Directors and Audit & Supervisory Board Members relating to the assessing the effectiveness of the Board of Directors. Based on these suggestions and advice, we have implemented the following measures.

■ Example Initiatives Based on Recommendations from Outside Directors and Audit & Supervisory Board Members



There are any number of other cases where the Company's efforts were advanced by explicit or implicit suggestions from Outside Directors and Audit & Supervisory Board Members, and their monitoring and advisory functions have been a driving force for continually strengthening corporate governance at Sumitomo Chemical.

Corporate Governance

Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, auditing status of its business execution, the operations of the non-mandatory Nomination Advisory Committee, Remuneration Advisory Committee, and dialogues with shareholders. The Company conducts surveys of each Director and Audit & Supervisory Board Member about their assessment of the effectiveness of the Board of Directors. Based on the results of these surveys, there is then a frank exchange of views in meetings of the Board of Audit & Supervisory Board Members, in informal meetings with Outside Directors and Audit & Supervisory Board Members, and in management meetings. Afterward, the Board of Directors then conducts a review of its own effectiveness in one of its meetings based on the views expressed in the prior meetings.

Improvements over and Assessment of FY 2022

Of the various points highlighted as needing improvement in the effectiveness evaluation of the previous fiscal year, the Company conducted the following actions. 1) Regarding the monitoring of Group companies and the enhancement of support and guidance, in addition to more timely reporting and deliberation on important Group companies at Board of Directors meetings, the Company conducted periodic surveys of Group companies from multiple and quantitative perspectives, and reported and confirmed the results at Board of Directors meetings Through these efforts, the Company confirmed that effective Group governance is assured and overall appropriate supervision is conducted. 2) Regarding holding deeper discussions at Board of Directors meetings, in explaining and reporting at Board of Directors meetings, the Company also explained the discussions and points raised during the review process, the reasons for decisions, assumed risks, and measures to deal with them with the overarching aim of making the internal decision-making process, including risk management, more transparent. The Company also held informal meetings regularly to discuss important management issues, such as human capital. Through these efforts, the company confirmed that the Board deliberations have been further stimulated, leading to more effective supervision.

Initiatives for the Future

To further enhance the effectiveness of the Board of Directors going forward, the following initiatives will be continued.

(1) Toward Further Enhancement of Corporate Value

Aiming to realize merits unique to a diversified chemicals manufacturer and to create both economic and social value, including by addressing climate change problems, the Company, of course, steadily implement various measures and achieve various targets. Given the importance of having a wide range of stakeholders understand and empathize with our management policies and strategies, the Company will continue to disclose information about our corporate value creation story and engage in more active dialogue with stakeholders to ensure that our corporate value is properly evaluated.

(2) Further Strengthening of Group Governance

Due to the expansion of business risks, including economic security, regional conflicts, and IT security, there are calls to further strengthen Group governance. Therefore, departments in charge of management, supervision, and auditing of Group companies work together to implement more efficient and effective measures. In doing so, the Company utilizes the advantages of both face-to-face and web-based communication to further enhance communication. In particular, with respect to overseas subsidiaries, the Company also seeks to promote understanding of and disseminate its management philosophy, management policies, basic compliance policies, and more, which form the foundation of Group governance. In addition, for important Group companies, opportunities will be set up for direct dialogue between the top management of the relevant company and Outside Directors and Audit & Supervisory Board Members, leading to a deeper mutual understanding of management strategies, issues, and more.

(3) Others

As a result of various initiatives taken to date based on effectiveness evaluations, the Company's overall governance is at a high level. Going forward, the Board of Directors will continue to regularly discuss and deliberate the roles it should fulfill and the design of the Board of Directors based on these roles, taking into consideration the Company's business structure and management direction, as well as trends in the legal system and other topics, while also utilizing informal meetings.

Corporate Governance

Policies and Procedures for Reshuffling Senior Management and Nominating Candidates for Directors and Audit & Supervisory Board Members

Appointment Policy

- ☐ Performance, knowledge, experience, personality, and the insight of a candidate are comprehensively considered from the standpoint of having "the right person in the right place" as well as ensuring a proper and prompt decision-making process, so as to select a person suitable for the respective duties.
- ☐ According to the criteria set forth by the Company, the person who has reached a certain age set for retirement will resign, in principle, upon completion of his or her tenure.
- ☐ For the nomination of candidates for Outside Directors and Outside Audit & Supervisory Board Members, if a candidate also serves as an executive officer of other listed companies, the number of these companies must be less than five, including the Company. This rule is to ensure that the candidate can properly fulfill his/her responsibility as our Director or Audit & Supervisory Board Members.

Appointment Procedures

Candidates Selected by Representative Directors	● Representative Directors select candidates suitable for the positions of senior management, Directors and Audit & Supervisory Board Members in accordance with the Appointment Policy.
Discussion by the Nomination Advisory Committee	● The results of the nomination will be deliberated at the Nomination Advisory Committee and recommended to the Board of Directors.
Decision by the Board of Directors	● The Board of Directors will deliberate based on the advice and make a decision.

Dismissal Policy and Procedures

- ☐ The Board of Directors will deliberate and decide on its response if senior management commits a wrongful, inappropriate, or treasonous act, or if there is a cause that is deemed unsuitable to be committed by a member of senior management.

Remuneration (Applied to Directors and Executive Officers)

1. Basic Policy for Remuneration of Directors, etc.

(1) The remuneration of senior management and Directors (excluding Outside Directors) shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. In addition, the remuneration for Outside Directors shall consist of Basic Compensation and Bonuses.

(2) Basic Compensation is designed according to roles and responsibilities as basic remuneration for the performance of duties, so that the actions of senior management and Directors are not aimed at short-term or sub-optimal effects.

(3) The amount of Bonuses shall largely reflect the Company's consolidated financial results for a fiscal year in order to heighten short-term incentives to achieve the annual targets of business plans.

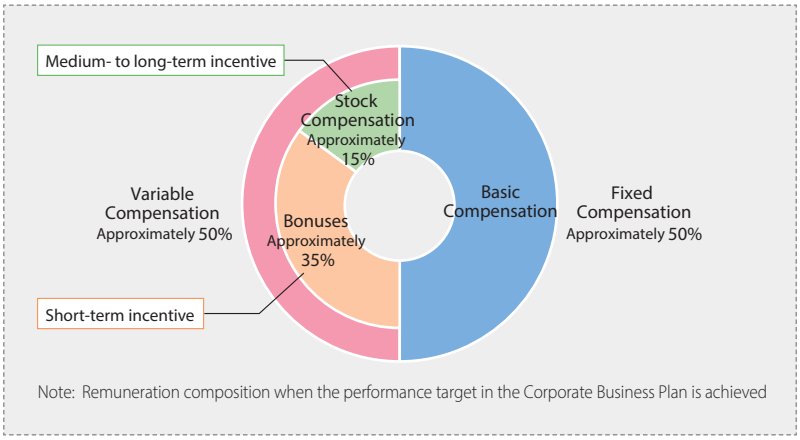
(4) Stock Compensation is designed to promote further value sharing with shareholders and serve as a medium- to long-term incentive for the continuous growth of the Company.

(5) The remuneration shall be set at levels which are designed to be objectively competitive to attract and retain outstanding talent while comprehensively taking into consideration such factors as the scale and content of the Company's business and external evaluations of ESG and other non-financial factors. Based on surveys by a third-party organization and other materials, such levels shall be checked annually whether or not to be objectively appropriate.

(6) When the consolidated performance target (core operating income) for the final fiscal year of the Corporate Business Plan (FY2022 – FY2024) is achieved, the remuneration of Directors (excluding Outside Directors) shall be designed so that the ratio of fixed compensation to variable compensation is approximately 1 to 1 and the ratio of short-term incentives (Bonuses) to medium- to long-term incentives (Stock Compensation) in variable compensation is 7 to 3.

Corporate Governance

■ Image diagram of composition of remuneration of Directors (excluding Outside Directors)



Note: Remuneration composition when the performance target in the Corporate Business Plan is achieved

2. Mechanisms of each remuneration element

(1) Basic Compensation

The level of Basic Compensation shall be determined based on the policy described in 1. (5) to (6) on the previous page.

While Basic Compensation for each year shall be fixed, the Company will adopt a mechanism where the Basic Compensation level would be changed in the event where the Company's position has changed in terms of "growth," "earnings capacity," and "outside evaluations" from a comprehensive and medium- to long-term perspective.

As main indicators for determining the change in the Company position, the Company will apply the following: 1) in terms of "growth," sales revenue, total assets and market capitalization, 2) in terms of "earnings capacity," net income (attributable to the parent company), ROE, ROI and D/E ratio, and 3) in terms of "outside evaluations," credit ratings and ESG index selected by the GPIF (Government Pension Investment Fund).

The amounts to be paid to each person will be determined in accordance with the base amount set by each position.

(2) Bonuses (short-term incentive)

Bonuses shall be paid on the condition that performance for that fiscal year exceeds a particular level and shall be determined based on the bonus calculation formula.

In order to reflect the current earnings capacity of the relevant business year (including financial activities) to the amount of bonuses, the Company will apply the combined value of consolidated core operating income and financial profit and loss to the performance indicator concerning the bonus calculation formula. In addition, the Company will set the coefficient of the calculation formula so that it will get larger as the position of a person gets higher.

Bonus calculation formula

Consolidated performance indicator (Core operating income + financial profit and loss)	×	Coefficient

(3) Stock Compensation (medium- to long-term incentive)

Stock Compensation shall be restricted stock compensation. Restricted stocks shall be allocated at a certain time after the ordinary general meeting of shareholders each year according to the amount determined for each position, and it shall be obligatory to hold the stocks during the term of office. In addition, the Company shall set the ratio of stock Compensation to total remuneration so that it will get larger as the position of a person gets higher.

Corporate Governance

3. Procedures for determining remuneration of directors, etc.

The remuneration amount of Directors shall be set at a level not higher than the upper limit of a total remuneration prescribed by the resolution of the 125th General Meeting of Shareholders held on June 23, 2006 (i.e., 1.0 billion yen or less per year). Furthermore, the amount of remuneration to be paid to Directors (excluding Outside Directors) for granting restricted stock shall be determined within the upper limit of 400 million yen per year set by the resolution of the 141st Ordinary General Meeting of Shareholders held on June 23, 2022.

The Board of Directors shall deliberate on and decide the method of determining remunerations of Directors, etc., based on the advice from the Remuneration Advisory Committee. Furthermore, the individual remuneration of senior management and Directors shall be determined by the Remuneration Advisory Committee, which is authorized by the Board of Directors, in accordance with the policies for determining compensation of senior management and Directors.

■ Directors' and Audit & Supervisory Board Members' Compensation (FY2022)

(Millions of yen)

Title	Number of people	Total amount of compensation	Total amounts of compensation by type		
			Basic compensation (Fixed remuneration)	Bonuses (performance-linked remuneration)	Stock Compensation (non-monetary compensation)
Directors (Of which, Outside Directors)	13 (5)	692 (66)	532 (60)	66 (6)	94 (—)
Audit & Supervisory Board Members (Of which, Outside Audit & Supervisory Board Members)	5 (3)	122 (43)	122 (43)	—	—
Total	18	813	654	66	94

The numbers of people and the amounts of compensation listed above include one Director who retired during this fiscal year.

Corporate Governance

Listed Company with Listed Subsidiaries

Our Thinking Regarding Listed Companies with Listed Subsidiaries

For a publicly listed subsidiary, the advantages of being publicly listed include better employee morale, enhanced ability to recruit employees, greater trust from customers, and greater influence within the industry. In addition, the parent company can expect to benefit from synergies in collaboration and cooperation with its subsidiaries. Because of these benefits, in seeking to maximize the overall corporate value of the Sumitomo Chemical Group, we think that holding listed subsidiaries is one of the effective options on premise of preserving each subsidiary's autonomy and respecting the rights of minority shareholders.

For the publicly listed subsidiaries in Japan of the Sumitomo Chemical Group, because they play an important role in our management strategy, we are not thinking of selling them at present. On the other hand, as for converting them into wholly owned subsidiaries, while we always keep it in mind as one option, it is not a high priority because, in addition to not being able to enjoy the benefits of having listed subsidiaries, the financial burden of buying out the holdings of minority shareholders would be significant. Accordingly, at the present time, we think that, from an overall perspective, keeping these subsidiaries as publicly listed subsidiaries is the optimal position. We are constantly monitoring our relationship with each listed subsidiary and, in accordance with the Sumitomo Chemical Group's management strategy and changes in our operating environment, considering changes, including in our shareholdings.

■ The Significance of Being a Listed Company with Listed Subsidiaries

Company Name	History	Position in Group	Synergies
Sumitomo Pharma Co., Ltd.	Sumitomo Chemical's pharmaceutical business began with the acquisition of the Japan Dyestuff Manufacturing Company in 1944. After being spun off as the subsidiary Sumitomo Pharmaceuticals in 1984, it merged with Dainippon Pharmaceutical in 2005 to become Sumitomo Dainippon Pharma (currently Sumitomo Pharma).	The company's core pharmaceuticals business is a pillar of Sumitomo Chemical's life sciences business, along with the agricultural chemicals business, and is a source of innovation. In the current Corporate Business Plan, it has positioned "healthcare" as one of the priority areas in making efforts for acceleration of the development of next-generation businesses, and further innovation is expected in this area in the future.	● Research at the Bioscience Research Laboratory, which consolidates and integrates parts of the research organizations of the company and Sumitomo Chemical ● Contract Development and Manufacturing Organization in regenerative medicine and cell therapies (combines the company's expertise in regenerative medicine and cell therapy with Sumitomo Chemical's expertise in the CMO business) ● Theranostics (combines the company's antibody design technology with Sumitomo Chemical's biological mechanism analysis technology and the radioactive isotope technology of Nihon Medi-Physics) ● Having locations on Sumitomo Chemical's premises enables close collaboration in such areas as quality and production management, reducing indirect expenses
Koei Chemical Co., Ltd.	Sumitomo Chemical invested capital in 1951 for relationship-building because the company was Sumitomo Chemical's largest customer for methanol. Thereafter, when the company ran into a financial crisis, the collaboration was strengthened in order to rebuild the company, including dispatching executives from Sumitomo Chemical.	Through production outsourcing in both directions for such items as catalysts and electronic materials based on its unique organic synthesis technologies, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	● Optimization of the Sumitomo Chemical Group's production of active pharmaceutical ingredients and intermediates through a new multi-purpose manufacturing equipment (multi-plants) approach ● Joint research from the earliest stage into such areas as battery materials and additive agents ● Having locations on Sumitomo Chemical's Works enables close collaboration in such areas as quality and production management, reducing indirect expenses
Taoka Chemical Co., Ltd.	In 1955 Sumitomo Chemical invested capital in the company, a leader in the dye business, to strengthen its own dye business.	Through production outsourcing in both directions for such items as electronic materials and pharmaceutical and agrochemical intermediates based on its various organic synthesis technologies and numerous multi-plants, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	● Expanded contract manufacturing of pharmaceutical and agrochemical intermediates with numerous multi-plants of the company
Tanaka Chemical Corporation	Sumitomo Chemical invested capital in the company in 2013 and began joint development of high-capacity cathode materials for automobiles. Afterwards, in light of the smooth progress in joint development work, and in light of expectations that, in line with the future growth of the environmentally friendly vehicles market, there would be significant medium- to long-term growth in the market for lithium-ion secondary batteries, the company was converted to a majority-owned subsidiary in 2016.	Through integration of the technologies relating to precursors held by the company and the findings related to cathode materials held by Sumitomo Chemical, the company accelerates joint development of new products and contributes to the full-scale market entry and expansion of the Sumitomo Chemical Group's cathode materials business.	● Contribute to a drastic rationalization of the manufacturing process and optimization of research and development through integration of the technologies of both companies ● Sumitomo Chemical's capital investment and guidance has improved the company's management level in such areas as labor accidents and internal control

Corporate Governance

Building an Effective Governance System

When Sumitomo Chemical and its listed subsidiaries jointly work on maximizing Group synergy, Sumitomo Chemical respects independent decision making by listed subsidiaries and, at the same time, makes its best efforts to establish an effective governance system in order to avoid any conflicts of interests with minor shareholders.

With respect to the listed subsidiaries, we are taking the following measures to ensure appropriate supervision of such areas as transactions with the parent company and nomination of officers and remuneration of officers, from an independent and objective position.

- Electing a sufficient number of Independent Outside Directors.
- Establishing committees for nomination of officers and remuneration of officers, the majority of the members of which are Independent Outside Directors.
- Establishing and reliably operating committees, which aim to monitor and supervise transactions conducted between subsidiaries and the parent company and which is composed of Independent Outside Directors only.

■ Design of the Organization, Composition of Independent Outside Directors and Establishment of Non-mandatory Committees in Each Company

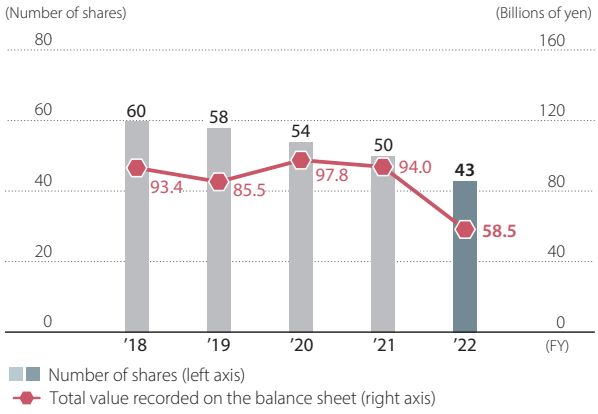
Company Name	Design of Organization	Composition of the Board	Non-mandatory Committees Established	
		Ratio of Outside Directors	Nomination/Remuneration	Monitoring and Supervision of Such Areas as Transactions with the Parent Company
Sumitomo Pharma Co., Ltd.	Company with Board of Audit & Supervisory Board Members	44% (4/9) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Koei Chemical Co., Ltd.	Company with Audit and Supervisory Committee	33%(3/9) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Taoka Chemical Co., Ltd.	Company with Audit and Supervisory Committee	33% (4/12) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Tanaka Chemical Corporation	Company with Audit and Supervisory Committee	57% (4/7) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies

Corporate Governance

Cross-Shareholdings

Sumitomo Chemical strategically holds shares in other companies only when judged necessary for ensuring smooth business operation or maintaining and enhancing mutual business relations, after such factors as medium- to long-term economic rationality and prospects of future business developments have been considered as a whole. Also, at the Board of Directors meeting, each year, we shall assess our shareholding policy for all listed shares we own, in light of medium- to long-term economic rationality and significance to hold such shares for each individual issuer. According to such review, if it becomes less necessary to hold a share by reason of changes in the business environment, etc., we shall sell such shares, as appropriate, taking into consideration such factors as the share price and market trends. Continuing from the prior year, we sold a portion of these shareholdings in FY2022.

■ Cross-Shareholdings at the end of the fiscal year



Note: Excluding shares of unlisted companies

Corporate Governance

Directors & Senior Management (As of July 1, 2023)

■ Number of shares held (as of March 31, 2023) ■ Attendance at Board of Directors meetings for fiscal 2022

Name/Position	Career	
 **Masakazu Tokura** Chairman of the Board Birth Date: July 10, 1950 ■ 330,865 ■ 16/16 times (100%)	1974 Joined Sumitomo Chemical Co., Ltd. 2003 Executive Officer 2006 Managing Executive Officer 2008 Representative Director & Managing Executive Officer 2009 Representative Director & Senior Managing Executive Officer 2011 Representative Director & President	2019 Chairman of the Board (current) 2021 Chairman, KEIDANREN (Japan Business Federation) (current)
 **Keiichi Iwata** Representative Director & President Birth Date: October 11, 1957 ■ 235,065 ■ 16/16 times (100%)	1982 Joined Sumitomo Chemical Co., Ltd. 2010 Executive Officer 2013 Managing Executive Officer 2018 Senior Managing Executive Officer 2018 Representative Director & Senior Managing Executive Officer 2019 Representative Director & President (current)	
 **Masaki Matsui** Representative Director & Senior Managing Executive Officer Birth Date: August 3, 1960 ■ 108,898 ■ 16/16 times (100%)	1985 Joined Sumitomo Chemical Co., Ltd. 2013 Executive Officer 2017 Managing Executive Officer 2019 Representative Director & Managing Executive Officer 2021 Representative Director & Senior Managing Executive Officer (current) Current charge: IT-related Chemicals Sector	
 **Nobuaki Mito** Representative Director & Senior Managing Executive Officer Birth Date: August 4, 1960 ■ 89,177 ■ 16/16 times (100%)	1985 Joined Sumitomo Chemical Co., Ltd. 2014 Associate Officer 2015 Executive Officer 2018 Managing Executive Officer 2020 Chairman, Valent U.S.A. LLC (current) Chairman, Valent BioSciences LLC (current)	2020 Representative Director & Managing Executive Officer 2021 Representative Director & Senior Managing Executive Officer (current) Current charge: Health & Crop Sciences Sector
 **Motoyuki Sakai** Representative Director & Senior Managing Executive Officer Birth Date: August 14, 1961 ■ 51,456 ■ –/– times (–%)	1985 Joined Sumitomo Chemical Co., Ltd. 2014 Executive Officer 2018 Managing Executive Officer 2023 Senior Managing Executive Officer 2023 Representative Director & Senior Managing Executive Officer (current) Current charge: Energy & Functional Materials Sector	
 **Seiji Takeuchi** Representative Director & Senior Managing Executive Officer Birth Date: March 29, 1962 ■ 42,556 ■ –/– times (–%)	1986 Joined Sumitomo Chemical Co., Ltd. 2015 Associate Officer 2016 Executive Officer 2018 Director, Rabigh Refining and Petrochemical Company (current) 2020 Managing Executive Officer	2023 Senior Managing Executive Officer 2023 Representative Director & Senior Managing Executive Officer(current) Current charge: Essential Chemicals & Plastics Sector, Business Development for a Circular System for Plastics
 **Hiroshi Ueda** Director & Executive Vice President Birth Date: August 5, 1956 ■ 169,144 ■ 16/16 times (100%)	1982 Joined Sumitomo Chemical Co., Ltd. 2008 Associate Officer 2009 Executive Officer 2011 Managing Executive Officer 2016 Senior Managing Executive Officer 2016 Representative Director & Senior Managing Executive Officer 2018 Director & Senior Managing Executive Officer 2019 Director & Executive Vice President (current)	Current charge: Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
 **Hiroshi Niinuma** Director & Executive Vice President Birth Date: March 5, 1958 ■ 132,244 ■ 16/16 times (100%)	1981 Joined Sumitomo Chemical Co., Ltd. 2010 Executive Officer 2013 Managing Executive Officer 2018 Senior Managing Executive Officer 2018 Director & Senior Managing Executive Officer 2022 Director & Executive Vice President (current)	Current charge: General Affairs, External Relations, Legal, Human Resources, Osaka Office Administration

Corporate Governance

■ Number of shares held (as of March 31, 2023) ■ Attendance at Board of Directors meetings for fiscal 2022 ○ Attendance at Board of Audit & Supervisory Board Members meetings for fiscal 2022

Name/Position	Career	
 **Hiroshi Tomono** Outside Director Birth Date: July 13, 1945 ■ 0 ■ 16/16 times (100%)	1971 Joined Sumitomo Metal Industries, Ltd. 2005 Representative Director & President, Sumitomo Metal Industries, Ltd. 2012 Representative Director & President & COO, Nippon Steel & Sumitomo Metal Corporation 2014 Representative Director & Vice Chairman, Nippon Steel & Sumitomo Metal Corporation 2015 Director & Advisor, Nippon Steel & Sumitomo Metal Corporation	2015 Outside Director, Sumitomo Chemical Co., Ltd. (current) 2015 Advisor, Nippon Steel & Sumitomo Metal Corporation 2016 Outside Director, Japan Nuclear Fuel Limited (current) 2020 Senior Advisor, NIPPON STEEL CORPORATION (current) 2020 Outside Director, The Kansai Electric Power Co., Inc. (current)
 **Motoshige Itoh** Outside Director Birth Date: December 19, 1951 ■ 0 ■ 16/16 times (100%)	1993 Professor, Faculty of Economics, The University of Tokyo 1996 Professor, Graduate School of Economics, The University of Tokyo 2007 Dean, Graduate School of Economics, Faculty of Economics, The University of Tokyo 2015 Outside Director, East Japan Railway Company (current) 2016 Professor, Faculty of International Social Sciences, Gakushuin University	2018 Outside Director, Sumitomo Chemical Co., Ltd. (current) 2022 Outside Director, JX Nippon Mining & Metals Corporation (current) 2022 Outside Director, Hagoromo Foods Corporation (current) 2022 Outside Director, Shizuoka Financial Group, Inc. (current)
 **Atsuko Muraki** Outside Director Birth Date: December 28, 1955 ■ 0 ■ 16/16 times (100%)	1978 Joined Ministry of Labour 2005 Counsellor for Policy Evaluation, Minister's Secretariat, Ministry of Health Labour and Welfare 2006 Deputy Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare 2008 Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare	2010 Director-General for Policies on Cohesive Society, Cabinet Office 2012 Director-General, Social Welfare and War Victims' Relief Bureau, Ministry of Health Labour and Welfare 2013 Vice Minister, Health Labour and Welfare, Ministry of Health Labour and Welfare 2015 Retired from Ministry of Health Labour and Welfare 2018 Outside Director, Sumitomo Chemical Co., Ltd. (current)
 **Akira Ichikawa** Outside Director Birth Date: November 12, 1954 ■ 0 ■ 13/13 times (100%)	1978 Joined Sumitomo Forestry Co., Ltd. 2010 Representative Director & President, Sumitomo Forestry Co., Ltd. 2020 Representative Director, Chairman of the Board, Sumitomo Forestry Co., Ltd. (current) 2021 Outside Director, Konica Minolta, Inc. (current) 2022 Outside Director, Sumitomo Chemical Co., Ltd. (current)	
 **Kunio Nozaki** Standing Audit & Supervisory Board Member Birth Date: October 29, 1956 ■ 92,100 ■ 16/16 times (100%) ○ 15/15 times (100%)	1979 Joined Sumitomo Chemical Co., Ltd. 2007 Executive Officer 2009 Managing Executive Officer 2014 Senior Managing Executive Officer 2014 Representative Director & Senior Managing Executive Officer 2018 Director & Senior Managing Executive Officer	2019 Director 2019 Standing Audit & Supervisory Board Member (current)
 **Hironobu Nishi** Standing Audit & Supervisory Board Member Birth Date: August 3, 1965 ■ 6,800 ■ –/– times (–%) ○ –/– times (–%)	1988 Joined Sumitomo Chemical Co., Ltd. 2011 General Manager, CSR Office 2012 Seconded to Sumitomo Chemical (China) Co., Ltd. 2018 General Manager, Animal Nutrition Div. 2023 Standing Audit & Supervisory Board Member (current)	
 **Mitsuhiro Aso** Outside Audit & Supervisory Board Member Birth Date: June 26, 1949 ■ 0 ■ 14/16 times (88%) ○ 13/15 times (87%)	1975 Prosecutor 2010 Superintending Prosecutor, the Fukuoka High Public Prosecutors Office 2012 Retirement as Prosecutor 2012 Registered as Attorney (current) 2013 Outside Audit & Supervisory Board Member, Sumitomo Chemical Co., Ltd. (current)	2019 Outside Director, Sumitomo Mitsui Trust Holdings, Inc. (current)
 **Yoshitaka Kato** Outside Audit & Supervisory Board Member Birth Date: September 17, 1951 ■ 0 ■ 16/16 times (100%) ○ 15/15 times (100%)	1978 Registered as a certified public accountant (current) 2008 CEO, ShinNihon LLC 2014 Retired from ShinNihon LLC 2015 Outside Audit & Supervisory Board Member, Sumitomo Chemical Co., Ltd. (current) 2016 Outside Audit & Supervisory Board Member, Sumitomo Corporation (current)	
 **Michio Yoneda** Outside Audit & Supervisory Board Member Birth Date: June 14, 1949 ■ 2,000 ■ 16/16 times (100%) ○ 15/15 times (100%)	1973 Joined Bank of Japan 1998 General Manager, Sapporo Branch of Bank of Japan 2000 Retired from Bank of Japan 2000 Executive Director, Osaka Securities Exchange (Currently Japan Exchange Group, Inc.) 2003 President & CEO, Osaka Securities Exchange Co., Ltd. 2013 Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Director, Tokyo Stock Exchange, Inc.	2015 Resigned as Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Resigned as Director, Tokyo Stock Exchange, Inc. 2018 Outside Director, Asahi Broadcasting Group Holdings Corporation (current) 2018 Outside Audit & Supervisory Board Member, Sumitomo Chemical Co., Ltd. (current) 2020 Outside Director, Toyo Tire Corporation (current)

Corporate Governance

Name/Position	In Charge of
 **Noriaki Takeshita** Senior Managing Executive Officer	Corporate Planning, IT Innovation
 **Naoyuki Inoue** Managing Executive Officer	Procurement, Logistics
 **Keigo Sasaki** Managing Executive Officer	Corporate Communications, Accounting, Finance
 **Kenji Ohno** Managing Executive Officer	Sustainability, Internal Control and Audit, Legal Dept.
 **Yoshizumi Sasaki** Managing Executive Officer	Business Development Office for a Circular System for Plastics, Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div., MMA Div.
 **Ichiro Kosaka** Managing Executive Officer	Specialty Chemicals Div., Advanced Polymers Div., Battery Materials Div.
 **Takanari Yamaguchi** Managing Executive Officer	Research Planning and Coordination Dept., Digital and Data Science Innovation Dept., Intellectual Property Dept., Industrial Technology and Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
 **Hirokazu Murata** Managing Executive Officer	Ehime Works
 **Koichi Ogino** Managing Executive Officer	Chiba Works
 **Juan Ferreira** Managing Executive Officer	Work related to South American businesses of the Health & Crop Sciences Sector and Valent U.S.A.
 **Shinsuke Shojima** Managing Executive Officer	AgroSolutions Div. – International, Environmental Health Div., Animal Nutrition Div.
 **Inho Rha** Managing Executive Officer	Dongwoo Fine-Chem Co., Ltd.
 **Akira Nakanishi** Managing Executive Officer	Planning & Coordination Office, IT-related Chemicals Sector, Electronic Materials Div.
 **Masao Shimizu** Managing Executive Officer	Human Resources Dept., Osaka Office Administration Dept.
 **Hiroaki Fujimoto** Managing Executive Officer	AgroSolutions Div. – Japan

Name/Position	In Charge of
 **Kanako Fukuda** Executive Officer	Sumitomo Chemical Europe S.A./N.V.
 **Hiroyoshi Mukai** Executive Officer	Planning & Coordination Office, Energy & Functional Materials Sector, Quality Assurance Office, Energy & Functional Materials Sector
 **Takanori Ito** Executive Officer	Process & Production Technology & Safety Planning Dept., Production & Safety Fundamental Technology Center, Responsible Care Dept.
 **Yoshihiro Ino** Executive Officer	IT Innovation Dept.
 **Tetsuo Takahashi** Executive Officer	Planning & Coordination Office, Essential Chemicals & Plastics Sector, Basic Materials Div., Industrial Chemicals Div.
 **Tomoyuki Hirayama** Executive Officer	General Affairs Dept., External Relations Dept.
 **Satoshi Honda** Executive Officer	Planning & Coordination Office, IT-related Chemicals Sector, Quality Assurance Office, IT-related Chemicals Sector
 **Takeo Kitayama** Executive Officer	Corporate Planning Office
 **Noriaki Oku** Executive Officer	Rabigh Refining and Petrochemical Company
 **Junpei Tsuji** Executive Officer	Research Planning and Coordination Dept.
 **Toshihiro Yamauchi** Executive Officer	Accounting Dept.
 **Kyoko Odawara** Executive Officer	Environmental Health Science Laboratory
 **Shinichi Takemura** Executive Officer	Optical Materials Div.
 **Tadashi Katayama** Executive Officer	Planning & Coordination Office, Health & Crop Sciences Sector, AgroSolutions Div. – International
 **Sawa Matsubara** Executive Officer	Sustainability Dept., Finance Dept.

Corporate Governance

Expertise and Experience of Directors and Audit & Supervisory Board Members

As a diversified chemical company, our management requires expertise and business experience in a variety of fields. In light of these business characteristics, the Company's Board of Directors, in principle, consists of a diverse range of members, including those with extensive knowledge and experience in corporate management, the Company's business, finance and accounting, legal, compliance, and internal controls, etc., as well as international experience.

■ Expertise and Experience of Directors and Audit & Supervisory Board Members

	Position	Expertise and Experience								
		Corporate Management	Business Strategy/ Marketing	Technology/ Research	Global	ESG/ Sustainability	Finance/ Accounting	Human Resources and Labor	Legal/ Compliance/ Internal Control	Knowledge of Other Specialized Fields
Board of Directors										
Masakazu Tokura	Chairman of the Board	●	●		●					
Keiichi Iwata	Representative Director & President	●	●		●					
Masaki Matsui	Representative Director & Senior Managing Executive Officer		●				●			
Nobuaki Mito	Representative Director & Senior Managing Executive Officer		●	●						● (Intellectual Property)
Motoyuki Sakai	Representative Director & Senior Managing Executive Officer		●		●		●			
Seiji Takeuchi	Representative Director & Senior Managing Executive Officer		●	●	●					
Hiroshi Ueda	Director & Executive Vice President		●	●						● (IT/DX)
Hiroshi Niinuma	Director & Executive Vice President					●		●	●	
Hiroshi Tomono	Outside Director	●		●		●				
Motoshige Itoh	Outside Director				●					● (International Economics) ● (IT/DX)
Atsuko Muraki	Outside Director					●		●	●	
Akira Ichikawa	Outside Director	●			●	●				
Audit & Supervisory Board Members										
Kunio Nozaki	Standing Audit & Supervisory Board Member				●		●			
Hironobu Nishi	Standing Audit & Supervisory Board Member		●		●	●				
Mitsuhiro Aso	Outside Audit & Supervisory Board Member				●	●			●	
Yoshitaka Kato	Outside Audit & Supervisory Board Member				●		●		●	
Michio Yoneda	Outside Audit & Supervisory Board Member	●				●				● (Financial Markets)

Note: In the table above, each person's main areas of expertise and experience, up to a maximum of three areas, are designated with a ●.

Internal Control

Status of the Development of the Internal Control System

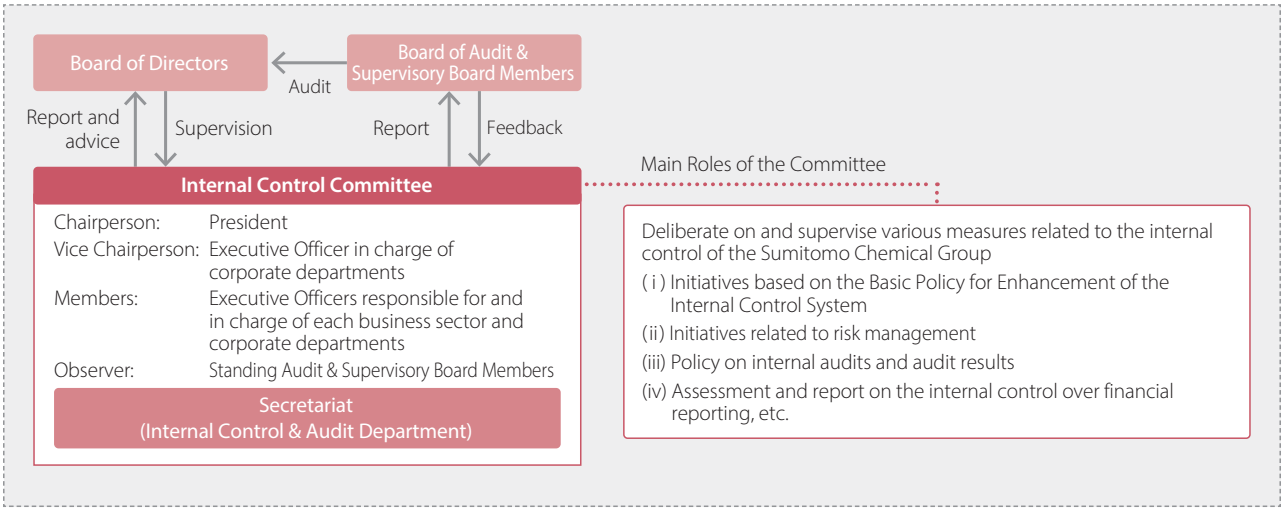
Sumitomo Chemical established its Basic Policy for Enhancement of the Internal Control System by a resolution of the Board of Directors, creating a system to ensure the appropriateness of its operations as stipulated in the Companies Act.

As stated in the basic concept of this policy, we recognize that the development of an internal control system is a necessary process for maintaining a sound organization and should be actively utilized to achieve business objectives. To continuously enhance our internal control system, we have formed the Internal Control Committee, which is chaired by the President and consists of Executive Officers responsible for and in charge of each business sector and corporate department. Regular meetings of the committee are held three times a year.

At Sumitomo Chemical, the Internal Control Committee plays a central role in discussing various measures based on the basic policy described above. The committee also operates a PDCA (plan-do-check-act) cycle by monitoring the implementation status of those measures, and constantly inspects and strengthens the Group's internal control system in response to changes in the Group's business and operating environment, so that the Group's internal control system can function effectively.

The Standing Audit & Supervisory Board Members attend the committee as observers, and the committee's operations are conducted by the Internal Control & Audit Department, independent of other business activities. Summaries of the matters covered in the committee are reported to the Board of Audit & Supervisory Board Members after each meeting. These summaries are then reported to the Board of Directors for deliberation.

■ Internal Control Committee



Basic Policy for Enhancement of the Internal Control System

https://www.sumitomo-chem.co.jp/english/company/files/docs/InternalControlSystem_20190329_e.pdf

Internal Control

The Internal Structure Regarding Timely Disclosure

The Corporate Communications Department is in charge of working in conjunction with other relevant departments to continually disclose necessary information in a timely manner. In addition to items requiring disclosure under Japan's Financial Instruments and Exchange Act and under stock exchange regulations, we also actively disclose information that may be considered material to the decisions of investors. We endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the security exchanges in Japan, including reports on the Company's corporate governance philosophy and system, and notifications showing that Outside Directors and Audit & Supervisory Board Members have no existing conflicts of interest with general shareholders. These documents are available on the website of Japan Exchange Group Inc.

Corporate Governance Report

https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_report_e.pdf

Internal Audits

As part of its internal control monitoring activities, Sumitomo Chemical has established a dedicated organization within the Company to conduct internal audits, in addition to audits by the Audit & Supervisory Board Members and Financial Statement auditors. The Internal Control & Audit Department conducts internal audits for all matters related to the execution of operations by the Company and its Group companies, and dedicated audit teams for the Responsible Care Department conduct responsible care auditing from the perspective of safety, health and environment, and quality throughout the life cycle of chemical products. The appointment of the General Manager of Internal Control and Audit Department and Responsible Care Department are both matters to be resolved by the Board of Directors.

In case any serious matter relating to internal controls is found, the matter will be promptly reported to the Executive Officer of the relevant reporting line and the Board of Audit & Supervisory Board Members (or in the event of a finding concerning senior management, to the Board of Audit & Supervisory Board Members and the Executive Director of the Compliance Committee).

① Internal Audits

Department Conducting the Audits	Internal Control & Audit Department
Objective of Internal Audits	Evaluate whether internal controls are in place, operating, and functioning appropriately from various perspectives, including maintaining the effectiveness and efficiency of operations, ensuring the reliability of financial reporting, and complying with relevant laws and statutes in all business activities
Audit Cycle	In principle, once every 2 – 5 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2022)	• Business process audits: 12 in-house organizations, 5 Group companies in Japan, 17 Group companies overseas • Information system security audits: 3 in-house organizations; 5 Group companies in Japan, 9 Group companies overseas
Sharing of Audit Results and Status of Improvements	• Reported to the Internal Audit Liaison Meeting (Held regularly, four times a year, attended by Standing Audit & Supervisory Board Members and a number of departments, including the Internal Control & Audit Department, the Responsible Care Department, the Legal Department, the Human Resources Department, the Accounting Department, and the planning & coordination offices of each business sector) • After reporting at the Internal Control Committee (Held regularly , three times a year), the report is reported to the Board of Audit & Supervisory Board Members and the Board of Directors

② Responsible Care Audits

Department Conducting the Audits	Teams of dedicated auditors from the Responsible Care Department
Objective of Internal Audit	Evaluate whether internal controls relating to securing safety, health and environment, as well as maintaining and improving quality for all chemical products over their life cycle, are in place, operating, and functioning appropriately.
Audit Cycle	In principle, once every 1 – 3 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2022)	12 in-house organizations, 21 Group companies in Japan, 12 Group companies overseas
Sharing of Audit Results and Status of Improvements	• Reported internally as necessary • Reported to the Responsible Care Committee (Held regularly, once a year)

Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding a system relating to risk management so that we can promptly and properly address risks when they emerge.

Systems for Promoting Risk Management

At Sumitomo Chemical, as part of its standard duties, each of the Group's organizations is taking various measures to properly manage risks associated with its business operations. In addition to this, a variety of committees work together to promote the Group's risk management.

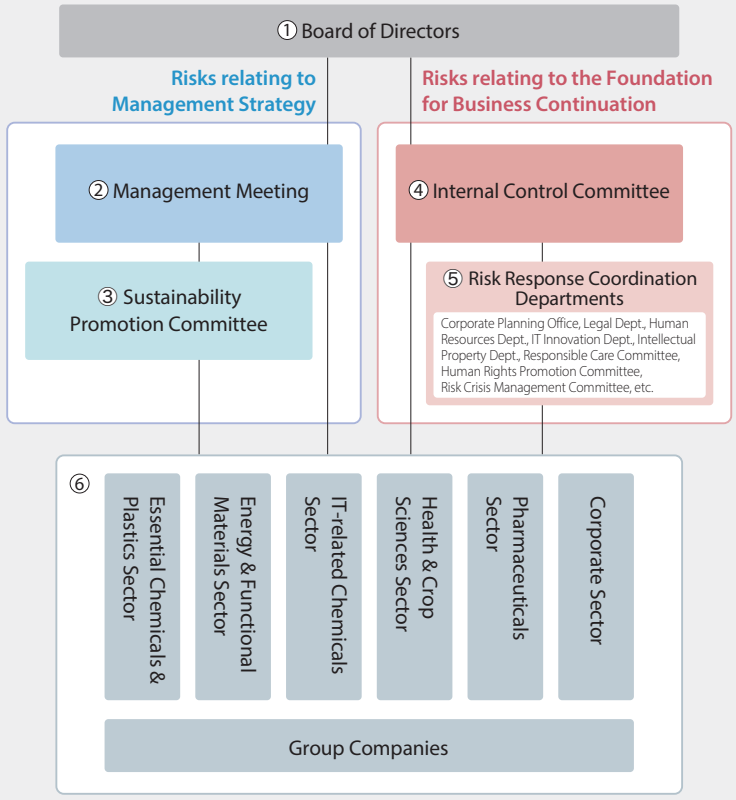
The Internal Control Committee sets policies relating to risk management for the Group as a whole and monitors the efforts of each organization in accordance with those policies, collecting risk-related information and evaluating it, among other tasks. This committee creates a risk map for the Group as a whole each year, aiming not only to comprehensively capture the status of risks relating to management strategy and the foundation for business continuation, but also to coordinate with risk response coordination departments, promoting countermeasures for important risks relating to the foundation for business continuation, such as earthquakes, workplace accidents, and product-related accidents, on a Group-wide level.

On the other hand, the Management Committee deliberates on important management matters, including management strategies, capital investment, and investment and loans for the Company and its group companies, on a case-by-case basis, regarding risks that require consideration from both an opportunity and a risk perspective. With regard to sustainability, the Sustainability Promotion Committee* makes necessary proposals on medium- to long-term environmental and social issues to each organization of the group to ensure that the management activities of the group contribute to the realization of sustainability of society and the group itself.

Summaries of the matters covered in the Internal Control Committee and important matters deliberated in the Management Meetings are reported to the Board of Directors.

*Outside Directors and Audit & Supervisory Board Members participate as observers

■ Diagram of Systems for Promoting Risk Management



① Board of Directors
The Board ensures the effectiveness of risk management by deliberating and supervising the activities of the Internal Control Committee and important matters deliberated in the Management Meetings.

② Management Meeting
Concerning important matters for management, including management strategy and capital spending for each organization of the Group, it deliberates in terms of risks and opportunities.

③ Sustainability Promotion Committee
This committee makes necessary recommendations to various Group organizations in order to achieve sustainability for both the Company and society, taking into consideration the perspectives of both risks and opportunities with respect to medium- to long-term environmental and social issues.

④ Internal Control Committee
This committee deliberates policies relating to risk management for the Group as a whole, and audits the efforts of various organizations based on these policies. It also promotes risk countermeasures relating to the foundation for business continuation.

⑤ Risk Response Coordination Departments
Each organization plans and promotes Group-wide countermeasures for the risks assigned to it, in cooperation with each department and Group company.

⑥ Each Department and Group Company
The main bodies for promoting risk management. The organizations develop and implement countermeasures for the risks affecting their own organization or company.

Risk Management

Promotion of Group-wide Priority Risk Assessment and Countermeasures

Every year, approximately 120 major organizations within both Sumitomo Chemical and Group companies around the world conduct risk evaluations using a list of risks compiled by the Company to assess the probability of occurrence and the potential impact of various risks that could hinder the achievement of business objectives and create risk maps. Based on the aggregation of these maps, a Group-wide risk map is created.

The department uses this Group-wide risk map to assess important risks that require Group-wide countermeasures and create risk management policies. As listed under the Systems for Promoting Risk Management (refer to page 73), each meeting body collaborates to promote the Group's risk management.

In addition, each organization within the Group considers risk countermeasures based on their own risk map and with reference to the Group-wide risk map. As necessary, they take countermeasures in collaboration with the Company's sectors and Risk Response Coordination.

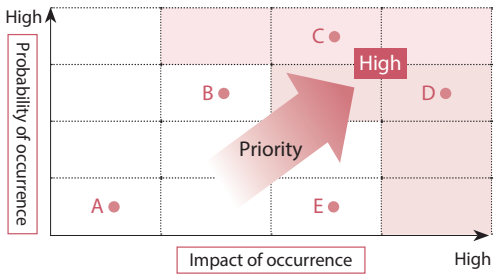
■ Evaluating Risks and Promoting Countermeasures

Risk Maps Created by Each Internal Department and Group Company

Each organization identifies risks critical to its own execution of duties and advances countermeasures.

Group-wide Risk Map

The Internal Control Committee identifies priority risks that require Group-wide countermeasures and advances them across the Group.



Identify priority risks (C, D) using risk maps that lay out the results of assessments of the probability of occurrence and degree of impact for various risks.

■ List of Risk Items

To evaluate Group-wide risks, the Risk Response Coordination Departments have cooperated to create a list of risk items that broadly encompasses the Group's business activities, from management strategies to risks related to the fundamental drive to remain a going concern.

The list of risk items has been divided into seven fields with accompanying case studies and a detailed explanation of the assessment standards to be used when evaluating each risk item. Moreover, in line with changes in the Group's business activities and social conditions, the items will be amended as appropriate, for example by adding risk items or revising case studies.

Field	Example of Risks Included in the List
Business risks	Interruptions in the supply of raw materials, fuel, or products; rapid price fluctuations; industrial reforms; price competition; technological innovations; digital innovations; extreme weather events; changes in standards and rules; rapid fluctuations in demand
Political and social risks	GHG problems, plastic waste problems, terrorism, changes to legal systems and policies in various countries and regions
Accident and disaster risks	Earthquakes, tsunamis, volcanic eruptions, typhoons, tornadoes, floods, fires, explosions, product-related accidents, environmental pollution, ground subsidence, interruptions in or restrictions of the supply of electricity, gas, water, or other utilities
Legal violation and compliance risks	Bribery, collusion, falsification, scandals, criminal behavior, antitrust violations, export control regulation violations, infringement of intellectual property rights, insider trading
Personnel and labor risks	Workplace accidents, human rights problems, mental health, harassment, spread of infectious or contagious diseases
Information security risks	Cyberattacks, system failures, confidential information leaks, personal information leaks
Taxation and financial risks	Tax transparency, volatility of managed assets, interest volatility

Risk Factors

https://www.sumitomo-chem.co.jp/english/ir/policy/risk_factors/

Risk Management

Cross-organizational Risks and Crisis Response

We established the Risk Crisis Management Committee to deliberate risks and crisis response policies that affect multiple business sites, departments, and Group companies, such as large-scale disasters (earthquakes, storms, floods, etc.), pandemics, deterioration of security in Japan or overseas (terrorism, riots, wars, etc.), and other issues.

Initiatives Related to the COVID-19 Pandemic

The Sumitomo Chemical Group has taken various initiatives to prevent the spread of COVID-19.

Going forward, we will operate our businesses in line with the status of infections.

■ Initiatives of the Sumitomo Chemical Group to Date

In-house Infection Prevention Measures
- Utilizing a telecommuting system
- Staggered office entries and exits utilizing the flextime program
- Mask wearing when commuting and working
- Encouraging moving meetings online

Support for Preventing Infections in Local Communities
- Offer the Company's facilities as local vaccination sites
- Dispatch internal medical personnel to local vaccination sites
- Conduct workplace vaccinations

Initiatives Related to Cyber Security Threats

We have begun considering revisions to our IT business continuity plan (BCP), which is a BCP for our IT systems, with an eye toward studying BCPs for cyber security threats.

Compliance

Basic Policy

The Sumitomo Chemical Group places compliance at the bedrock of its corporate management. As we engage in business in many parts of the world, all of the companies in the Sumitomo Chemical Group are devoting earnest efforts to stay in strict compliance with not only laws and regulations, but also ethical principles in a business environment. Both the spirit and the letter of ensuring compliance in business activities have consistently been enshrined at Sumitomo Chemical ever since its founding. This unwavering resolve towards compliance is embodied succinctly in the "Sumitomo Chemical Charter for Business Conduct," which serves as the guideline of conduct for every employee to abide by and constitutes the backbone of our day-to-day compliance activities. In recent years, in particular, companies are expected to fulfill their social responsibilities more than ever before. Given the circumstances, all companies in the Sumitomo Chemical Group are making concerted efforts to further compliance activities, under the strong leadership of top management, to further enhance compliance in the Group's business activities on a global basis.

The Sumitomo Chemical Charter for Business Conduct and Code of Ethics Embody the Sumitomo Spirit and Business Philosophy

Sumitomo Chemical has established the Sumitomo Chemical Charter for Business Conduct (refer to page 13) to embody the Sumitomo Spirit, Business Philosophy, and Basic Principles for Promoting Sustainability. In addition, to better define the Charter for Business Conduct and more clearly explain it to employees, we established the Sumitomo Chemical Code of Ethics (hereinafter, "the Compliance Manual") as corporate rules and distributed it to employees.

Sumitomo Chemical Charter for Business Conduct

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

Compliance Manual

https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/rules_society/

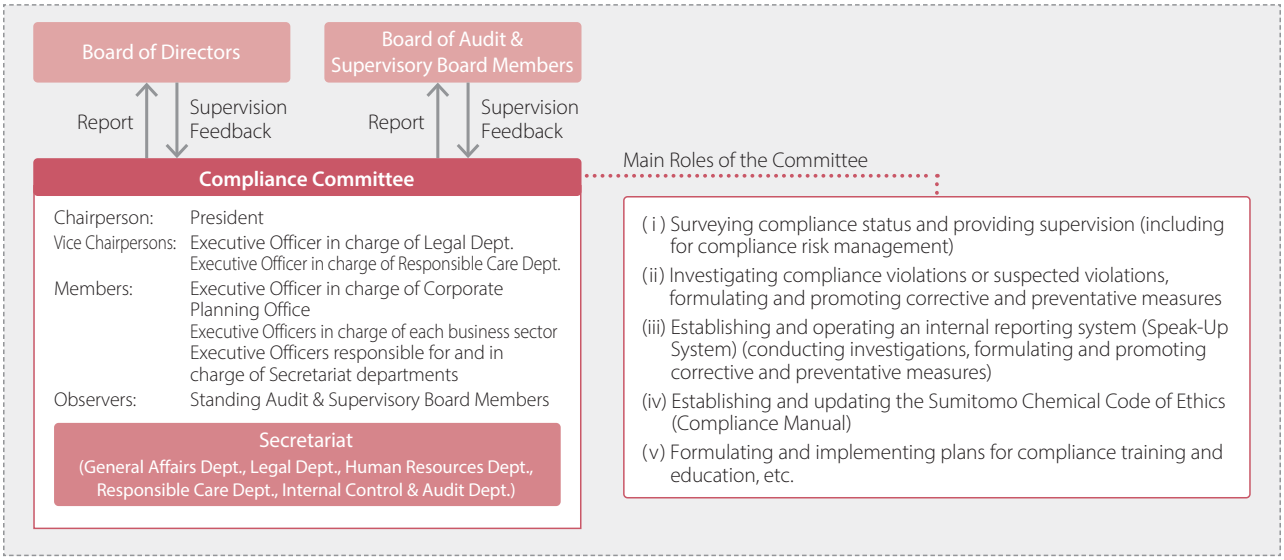
Compliance

Compliance System at the Sumitomo Chemical Group

(1) Compliance Committee

Sumitomo Chemical has established a Compliance Committee chaired by the President and holds a Compliance Committee meeting at least once a year (or more frequently as needed). Details discussed by the committee are reported to the Board of Directors and Board of Audit & Supervisory Board Members, and the committee then receives feedback from them. The committee establishes overarching principles of compliance from a global perspective, and then works with each business sector and Group company, both in Japan and abroad, to build and operate their compliance systems locally in the required manner, according to those global principles.

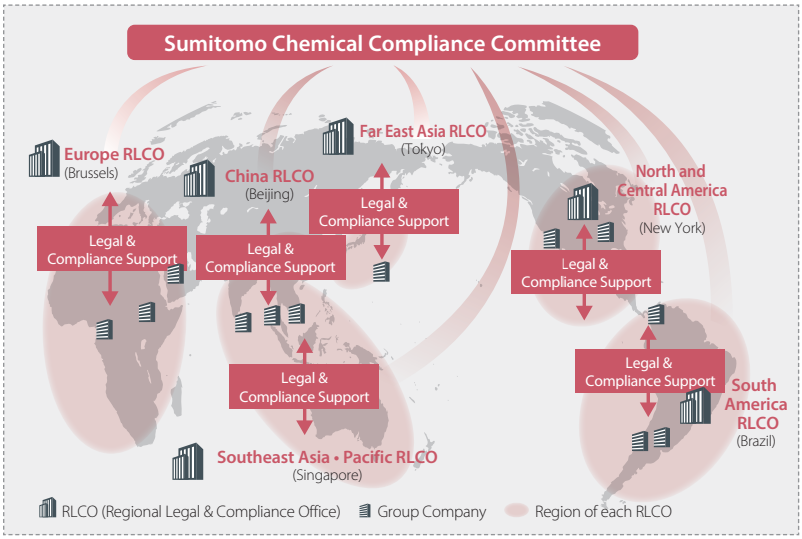
■ Compliance Committee



(2) Group Compliance Structure Focused on Effectiveness "Think globally, Manage regionally, Act locally"

As business globalizes, it becomes more important that the operation of a corporation's compliance system be fine-tuned to situations specific to individual countries or companies. In light of this, we have established Regional Legal & Compliance Offices (RLCOs) in Sumitomo Chemical's major business regions. Grasping the concrete needs and tasks of their respective Group companies, the RLCOs provide hands-on support and guidance, such as helping Group companies set and implement necessary internal rules and procedures, building company compliance systems, and assisting in operations.

■ Compliance System at Sumitomo Chemical Group



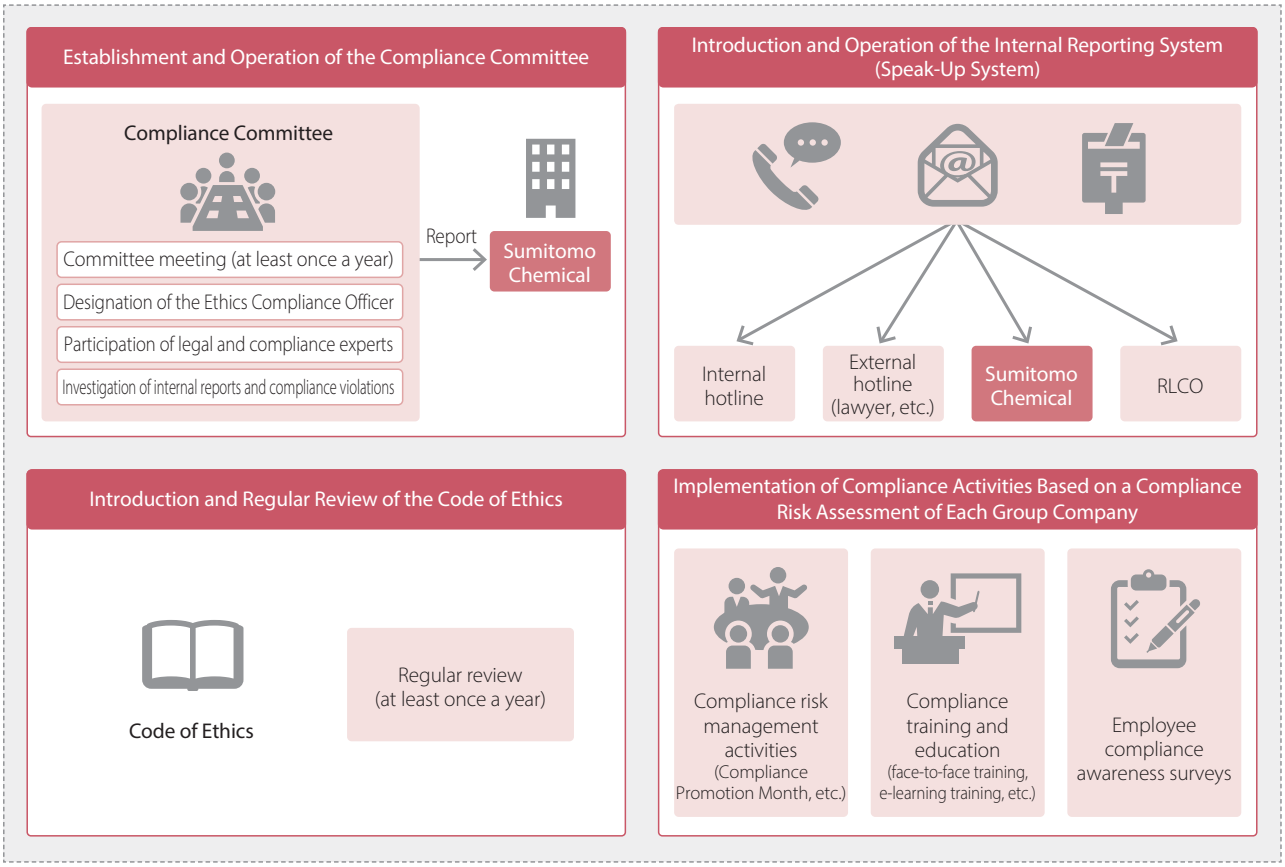
Compliance

(3) Introducing and Operating a Compliance System for the Company and its Group Companies

To ensure thorough compliance throughout the entire Sumitomo Chemical Group, it is important that Sumitomo Chemical and its Group companies establish and operate their own compliance systems. Accordingly, we established the Sumitomo Chemical Group Compliance Standards, which outline the compliance systems and activities that serve as our standards. In line with these standards, Sumitomo Chemical and its Group companies are engaged in the following main initiatives.

(i) Establishing and operating the Compliance Committee (including responding to internal reports and conducting compliance violation investigations)
(ii) Introducing and regularly reviewing the Code of Ethics
(iii) Introducing and operating the Internal Reporting System (the Speak-Up System)
(iv) Conducting compliance activities (education, training, etc.) based on a compliance risk assessment of each Group company

■ Compliance System Operations



Compliance

Internal Reporting System (Speak-Up System)

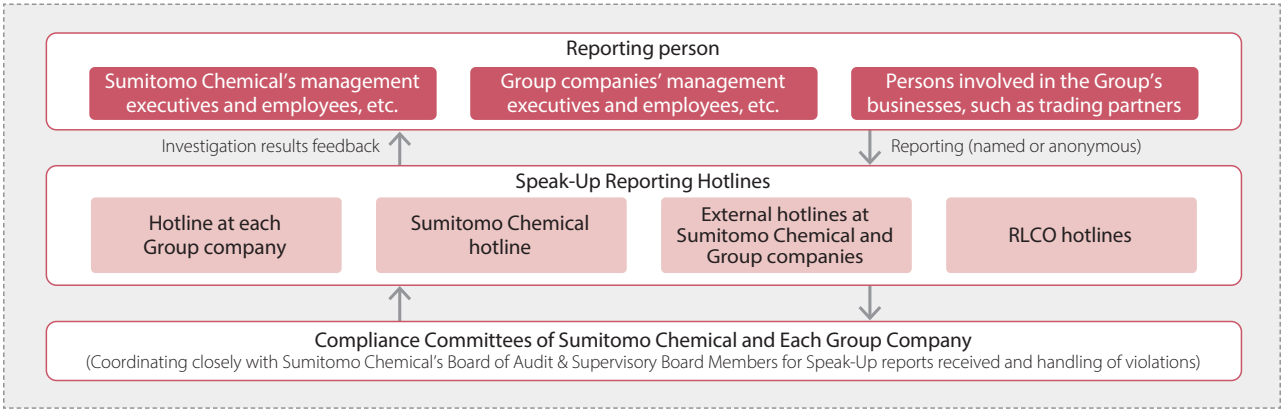
(1) The Internal Reporting System Is the Key to Ensuring Compliance

In order to detect any compliance violations as early as possible or to prevent them from occurring in the future, the Sumitomo Chemical Group has introduced an internal reporting system (the Speak-Up System) that allows company employees, etc., to report a compliance violation or a suspected violation, either directly to the Compliance Committee or to external lawyers. The Speak-Up System may be used by Sumitomo Chemical's management executives and employees (including contract employees) and their families, Group companies' management executives and employees and their families, retirees from the Company or Group companies, and anyone involved in the Group's businesses (including trading partners).

Furthermore, to receive Speak-Up reports without fail, Sumitomo Chemical has set up Speak-Up Reporting Hotlines to receive reports at (i) the Compliance Committees of each Group company, (ii) RLCOs, (iii) the Compliance Committee of Sumitomo Chemical, and (iv) external lawyers designated by these committees. The person reporting can choose the hotline they think most appropriate. In addition, anonymous reports are also accepted and responded to.

Notes: • Regarding reporting within the European Union, we act in compliance with the various laws and regulations of the European Union or its individual member countries.
• This Speak Up System allows any person for claims (reports) of research misconduct or research financing fraud in studies using public research funds .

■ How a Report is Processed under the Internal Reporting System (Speak-Up System)



(2) Guidance and Oversight by the Board of Audit & Supervisory Board Members, Including Outside Audit & Supervisory Board Members

On the grounds that Speak-Up reports given to the Compliance Committees of Sumitomo Chemical and the Group companies, as well as compliance violation incidents at each company, are also important from a governance perspective, the Board of Audit & Supervisory Board Members will regularly, or as needed for important issues, receive reports on these reports and violations, and will provide guidance and oversight. Moreover, to further enhance the independence of whistleblower responses related to top management in line with the amended Whistleblower Protection Act, whistleblower reports regarding top management are submitted only to the Board of Audit & Supervisory Board Members. The Company takes steps to respond to the report while receiving advice from and being monitored by the Board of Audit & Supervisory Board Members.

(3) Promoting Use of the Internal Reporting System (Speak-Up System)

In its Compliance Manual, Sumitomo Chemical Group makes clear that the Company carries out investigations based on the Speak-Up report with utmost consideration to protecting the privacy of a reporting person and maintaining confidentiality of information provided and that the Company doesn't put the truthful reporting person at any disadvantage, such as dismissal, transfer, or discrimination, on the grounds of having made the report. The manual also states that if someone commits a compliance violation but reports it to the Company of their own volition and cooperates with the Compliance Committee's investigation, the person is eligible for leniency regarding the disciplinary action that would ordinarily be proscribed. We are raising awareness of these facts among employees. Moreover, to ensure that the Speak-Up System functions in a truly effective manner, Sumitomo Chemical's Compliance Committee takes every opportunity to explain to employees that Speak-Up reporting will never disadvantage a reporting person. In this regard, the Committee has been working to help employees understand clearly that confidentiality about the reporting is maintained, any disadvantageous treatment to a reporting person is strictly prohibited, and leniency is possible. In addition, the Committee shares with employees information about how far the Speak-Up System is in use by employees.

Compliance

(4) Latest Results of the Internal Reporting System

As a result of initiatives promoting use of the reporting system, in fiscal 2022, the total number of reports made to the Compliance Committees of Sumitomo Chemical and its Group companies (including listed companies in which the Company holds a stake of 50% or more) was 223, a year-on-year increase of 33 reports. Upon its receipt, each report was worked on, and an investigation was conducted promptly and cautiously into the reported incident. If compliance violations were found or if a situation that might eventually develop into an incident of violation was recognized, corrective measures were taken properly. In addition, information on violation incidents and corrective measures actually taken was shared, as necessary, with other companies of the Group so that they could prevent similar incidents from occurring in their workplace in the future.

■ Number of Reports (Sumitomo Chemical Group*)

	FY2020	FY2021	FY2022
Number of reports	135	190	223

* Includes those listed companies in which the Company holds a stake of 50% or more

Response to Compliance Violations

At Sumitomo Chemical and Group companies, when a management executive or employee discovers a compliance violation or suspected violation, the compliance supervisor in the department promptly reports to the relevant department and the Compliance Committee. After submitting a report, an investigation is carried out, and if any compliance violation is discovered, corrective and preventive measures are formulated and rolled out not just to the offending department but to the entire Sumitomo Chemical Group to ensure a recurrence is thoroughly prevented. In addition, the Internal Control & Audit Department and the Responsible Care Department conduct audits from the perspective of compliance. When a compliance violation is discovered through these audits, corrective action is taken directly at that time. In fiscal 2022, there were no major compliance violations related to the Sumitomo Chemical Group's business continuity.

■ FY2022 Number of Compliance Violations (Sumitomo Chemical Group*)

	Number of Compliance Violations
Number of significant compliance violations	0
Significant violations of antitrust and monopoly legislations	0
Significant violations of anti-corruption legislations	0
Significant violations of laws or regulations in the social and economic area besides those mentioned above	0

* Includes those listed companies in which the Company holds a stake of 50% or more

Compliance

Results of Main Compliance Activities in the Sumitomo Chemical Group

(1) Compliance Committee Meetings

Sumitomo Chemical and its Group companies have established Compliance Committees, which convene either regularly (at least once a year) or as appropriate. Sumitomo Chemical's Compliance Committee convened on April 20, 2023, and reported its results to the Board of Directors and Board of Audit & Supervisory Board Members, from which it received feedback.

(2) Review and Update of the Code of Ethics

Sumitomo Chemical and its Group companies regularly consider revisions to the Code of Ethics (at least once a year). After conducting a review, if there is need for an update, it is made promptly. Sumitomo Chemical conducted a review of the Code of Ethics at relevant departments. In light of these results, we updated the Code of Ethics in April 2023.

Sumitomo Chemical Code of Ethics (Compliance Manual)

https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/rules_society/

(3) Compliance Promotion Activities

(i) Compliance Risk Management Activities (Compliance Promotion Month, etc.)

Sumitomo Chemical and some of its Group companies have designated September as Compliance Promotion Month. During this month, all employees in each workplace, including manufacturing, research, sales, and various intermediate departments, participate in discussions to examine and identify all conceivable compliance risks, major or minor, that might arise in each workplace. They then go on to select those risks that need to be specifically addressed and formulate concrete measures to prevent the risks from occurring in the future. For those preventive measures that are already in place, they review once again whether or not the measures are sufficiently effective when implemented. Continuous implementation of these measures not only reduces specific compliance risks in the workplace but also helps in raising employees' compliance consciousness.

The Compliance Promotion Month initiatives of fiscal 2022 required discussion of "information management." All major compliance risks were examined and identified in each department and concrete preventive measures were then formulated and implemented. Reports on these activities were submitted by each department, and an evaluation team that includes outside legal counsel objectively evaluated them. With the goal of further raising the level of compliance, we shared information on departments with positive evaluations and the details of their initiatives within the Company.

■ List of Essential Topics of Discussion during the Compliance Promotion Month

Fiscal Year	Essential Topics of Discussion
2016	Fraud risks
2017	Collusion and harassment
2018	Information leaks and management of company assets
2019	Compliance with business laws
2020	Environmental changes caused by the COVID-19 pandemic
2021	Possible improper cases in the processes of one's own department
2022	Information management

(ii) Compliance Training

In line with its firm belief that strict compliance can only be achieved with each employee having high awareness of compliance, Sumitomo Chemical places importance on carrying out compliance education on a continual basis. This includes training programs geared to management executives at Sumitomo Chemical and Group companies as well as class-based training when someone is promoted. In addition, we conduct face-to-face lecture-style training courses and e-learning training, depending on each company's specific needs and situation. In fiscal 2022, we conducted compliance e-learning training for all Sumitomo Chemical employees (around 7,400 people) with a 100% participation rate. In addition, Group companies in Japan conduct compliance training.

Compliance

■ FY2022 Compliance Training Status

	Status of Implementation
Sumitomo Chemical	Compliance e-learning training (including revised Whistleblower Protection Act and Speak Up System): 100% participation rate (conducted at all worksites and departments) (already conducted training on promoting employees and individual training related to corruption prevention, quality assurance, safety, logistics, information security, etc.)
Sumitomo Chemical Group*	Percentage of employees who received training related to compliance (attendance rate) Attendance rate at Group companies in Japan: 98.6% Attendance rate at Group companies overseas: 88.5%

* Does not include Sumitomo Chemical

(iii) Employee Compliance Awareness Survey

In order to measure the effect of the initiatives listed above, including compliance activities and training, Sumitomo Chemical and Group companies in Japan and overseas regularly conduct employee compliance awareness surveys. In fiscal 2022, Sumitomo Chemical conducted its seventh employee compliance awareness survey. In the fiscal 2019–fiscal 2021 period, 37 Group companies in Japan and overseas conducted similar surveys. Analyses are conducted comparing Sumitomo Chemical with Group companies and Group companies with each other, a process that leads to the discovery of issues and the setting forth of measures aimed at the further improvement of compliance at each Group company.

(4) Initiatives to Respect Human Rights and Prevent Corruption

An area of our recent focus is to strengthen those initiatives which lead to respect human rights (refer to page 158), and initiatives will more effectively serve to maintain sound business practices in companies' entire supply chains, through implementing measures to prevent corruption, such as bribes and collusion with business partners (including bribery and collusion with operators; refer to page 86).

(5) Initiatives to Comply with Competition Laws

To fully ensure compliance with competition laws, Sumitomo Chemical has established the Committee on Antitrust Compliance and Corruption Prevention (chaired by the Company's President) to establish and manage competition law compliance systems for the entire Sumitomo Chemical Group under the guidance and supervision of the Board of Directors and Board of Audit & Supervisory Board Members. In addition, we issued the Competition Law Compliance Manual and have introduced it at Group companies in Japan and overseas in addition to actively providing training using it.

Moreover, as a general rule, we prohibit management executives and employees of business sectors from interacting with rival operators. We introduced an operator consultation system to permit such interactions only in the event that it is necessary for operations and, in such exceptional cases, that approval has been given in advance. In addition, product sales prices must always be independently set based on our own standards. To ensure this, when revising product sales prices and price formulae, the Company convenes the price deliberation committee, which determines the revisions after thorough deliberation.

■ Status of Implementation for Training Related to Competition Laws (Including Awareness Raising Activities)

	Status of Implementation
Sumitomo Chemical	Already implemented at eligible worksites and business sectors (cumulative total of 27 times since FY2018)
Sumitomo Chemical Group*1	Group companies in Japan*2: 63.6% (cumulative total since FY2021) Group companies overseas*2: 52.5% (cumulative total since FY2021)

*1 Does not include Sumitomo Chemical
*2 Percentage of companies that conducted training

Compliance

(6) Compliance Audit

As it is also important to conduct audits of whether the operations of the compliance structure and various compliance activities are being appropriately carried out in each department of Sumitomo Chemical, and in each Group company, the Internal Control & Audit Department and the Responsible Care Department conduct compliance audits. (For more details on the Responsible Care Department's audits, refer to page 94.) Regarding matters discovered during the compliance audits, appropriate corrective measures are taken.

Sumitomo Chemical Group Compliance Action Policy (FY2023)

Under the Corporate Business Plan, ensuring strict compliance for the entire Sumitomo Chemical Group while maintaining safe and secure operations is a basic policy, Sumitomo Chemical vigilantly monitors and addresses issues in the following areas.

- Appropriate responses to Speak-Up and compliance violation investigations
- Compliance training and educational activities
- Compliance audits

We will steadily implement compliance promotion activities across the Group, further enhance Group compliance, and focus of efforts on addressing crossover compliance issues. In this way, Sumitomo Chemical will strengthen and improve the Group's compliance system operations and continue to further enhance its effectiveness.

■ FY2023 Sumitomo Chemical Compliance Action Goals

Items	FY2023 Goals	FY2022 Results	FY2021 Results	FY2020 Results
Internal Reporting*1 (Speak-Up reporting)	Regarding the number of employees per report, maintain 100% compared to the previous fiscal year (173 people per report)	173 people per report	226 people per report	316 people per report
Compliance Training	Conduct compliance training at 95% of Group companies	Sumitomo Chemical*2: 100% Group companies in Japan*3: 97.8% Group companies overseas*3: 92.5%	Sumitomo Chemical*2: 100% Group companies in Japan*3: 91.1% Group companies overseas*3: 82.0%	Sumitomo Chemical*2: 100% Group companies in Japan*3: 95.7% Group companies overseas*3: 93.9%

*1 Includes those listed companies in which the Company holds a stake of 50% or more
*2 Attendance rate (percentage of employees)
*3 Percentage of companies that conducted training

Looking Ahead

Being a global enterprise, Sumitomo Chemical's Compliance Committee, RLCOs, and Group companies are deeply committed to fulfilling their corporate citizenship responsibilities as a global corporation by carrying out the Sumitomo Chemical Group Compliance Basic Policy.

Anti-corruption

Basic Policy

As corporations expand activities across national boundaries, promoting fair competition becomes increasingly important in the supply of goods and services in the international marketplace. As is evident from the ever tightening laws and regulations in the world designed to prevent corruption, such as the FCPA in the U.S. and the Bribery Act of 2010 in the U.K., there is a growing awareness globally that corrupt conduct, such as bribery, should be eliminated by any means necessary. Under the circumstances, Sumitomo Chemical has positioned the prevention of corruption in all its forms, including bribery of public officials, excessive business entertainment and gift-giving, collusion, embezzlement, and breaches of trust as one of the most important issues in ensuring thorough compliance. We are striving to ensure a sustainable and sound corporate climate by enhancing our internal organization to appropriately respond to corruption risks to prevent the occurrence of corruption.

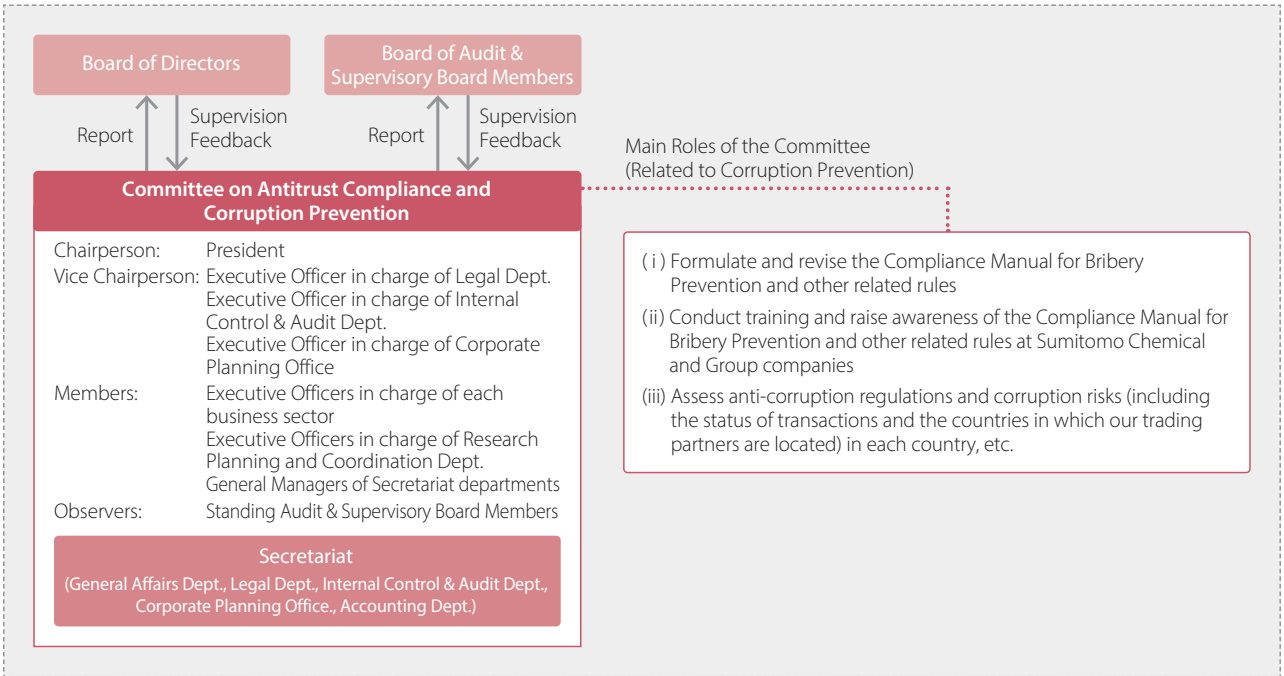
Committee on Antitrust Compliance and Corruption Prevention

Sumitomo Chemical has established the Committee on Antitrust Compliance and Corruption Prevention (chaired by the Company's President) to establish and manage anti-corruption systems for the entire Sumitomo Chemical Group under the guidance and supervision of the Board of Directors and Board of Audit & Supervisory Board Members.

In the President's own messages, the committee states its policy and commitment to prohibit all forms of corruption, including bribery of public officials by management executives or employees, excessive entertainment and gift-giving, collusion, embezzlement, and breaches of trust. In addition, we have formulated a Compliance Manual for Bribery Prevention that contains detailed anti-corruption rules. The manual has been disseminated to all Group companies in Japan and overseas, and has been posted on the Company intranet, and periodic training sessions are conducted to ensure thorough compliance among the employees of the Company and its Group companies.

Further, we conduct assessments of anti-corruption regulations and corruption risks in each country, such as the status of transactions and the countries in which our trading partners are located. Based on the results of these assessments, we decide on policies to strengthen measures to prevent corruption, and apply them to the Company and all Group companies.

■ Committee on Antitrust Compliance and Corruption Prevention



Anti-corruption

Compliance Manual for Bribery Prevention (Outline)

Chapter 1: General Principles

1. Prohibition of Giving Bribes
   It is prohibited to give bribes to a government official or to any other person or entity, including private trading partners.
2. Prohibition of Accepting Bribes
   It is prohibited to accept a bribe. In addition, it is prohibited to request a bribe or gift, entertainment, or other benefit from a third party.
3. Prohibition of Giving or Accepting Excessive Gifts or Entertainment
   It is prohibited to give or accept excessive gifts or entertainment. All forms of gifts or entertainment that may harm the Company's reputation are always impermissible.

Chapter 2: Prohibition of Bribing Government Officials

The provision of any form of improper benefit to a government official may be considered a bribe. Furthermore, various rules are put in place, including those related to the circumstances where any type of gift and entertainment to a governmental official is prohibited, procedures for sponsoring site visits by governmental officials, procedures for giving donations and political contributions, and compliance with local regulations.

Chapter 3: Rules For and During Engagement of Business Partners

It is required to conduct due diligence when the Company engages new business partners or renews engagement of existing business partners, such as agents, distributors and consultants who could interact with government officials in the course of services for the Company. It is also required to fix the appropriate compensation and to take necessary internal procedures when concluding contracts with business partners.

Chapter 4: Proper Keeping of Books and Records

It is required to prepare and maintain appropriate and accurate books and records related to entertainment, gifts, payments to business partners, and other transactions.

Chapter 5: Monitoring Legal Compliance

It is required for each department to ensure thorough compliance, for the Internal Control & Audit Department to conduct audits, and the Committee on Antitrust Compliance and Corruption Prevention to take initiatives. In addition, the Company's executives and employees are obligated to file a report when a violation (or a suspicion of one) is detected.

Chapter 6: Violations

The Company's executives and employees who commit violations of this manual are subject to disciplinary action.

Anti-corruption

Initiatives in the Supply Chain

In order to prevent corruption in the Group's supply chain, we are making our agents, consultants, distributors, and other business partners aware of our anti-corruption policy by holding regular training sessions when initially engaging or renewing a contract, or at business meetings and other occasions. We also ask our partners to pledge to comply with the policy. In addition, as part of our due diligence procedures, we ask business partners to submit written responses detailing their company's profile and any past corruption problems, and assess the risk of corruption based on these responses. Moreover, when we engage a business partner for business with a high risk of corruption, such as in a public tender transaction or in a developing country, a more detailed risk assessment is carried out, including on-site interviews with the business partner conducted by an outside expert. If it is judged that there is a risk of corruption as a result of the assessment, we conduct awareness-raising activities concerning the prevention of corruption for such business partners, asking them to implement corrective measures such as strengthening the internal rules and organization to prevent corruption, and offering our support for such efforts. (The Company does not engage business partners if the implementation of remedial measures is refused or if there is a strong concern about corruption detected through the assessment process.)

Other Measures

In addition to the above-mentioned measures, we are striving to prevent corruption through the application of internal rules on business entertainment and gift-giving, and the strict application of approval procedures for business decisions and payment.

We have also established and operate an internal reporting system (the Speak-Up System, which allows anonymous reporting) that can be used by anyone involved in our business, including business and trading partners, in order to quickly identify corruption or the threat of corruption, to prevent compliance violations from occurring, and to rectify them as soon as possible. We also inform management executives or employees of Group companies, and business and trading partners, about the use of this system.

Management executives and employees whose corrupt conduct has been confirmed are subject to disciplinary action in light of internal rules. Business and trading partners are requested to rectify such actions, and other measures are taken, such as the suspension of transactions.

Looking Ahead

The Sumitomo Chemical Group will continue actively promoting various initiatives across its entire supply chain going forward to prevent bribery and all other forms of corruption.

Tax Transparency

Basic Policy

The Sumitomo Chemical Group considers paying taxes one of the most fundamental and important social responsibilities of a company. We comply with the tax laws applicable to each country and properly pay taxes in accord with that spirit.

The Group understands that using exceedingly beneficial tax systems in regions or countries with no or low taxes (so called tax havens) hinders the collection of proper taxes in each country. By not using tax havens with the purpose of avoiding taxes and by paying appropriate taxes in the countries and regions where it does business, the Group aims to help spur economic development in those countries and regions.

The Sumitomo Chemical Group has established the Sumitomo Chemical Group Tax Policy to ensure tax transparency and enhance tax compliance.

Sumitomo Chemical Group Tax Policy

Sumitomo Chemical Group conducts business in a wide range of countries and regions based on the Sumitomo Spirit which has been passed down through generations for over 400 years, the basic teaching of which is to contribute to society through its business activities. The Sumitomo Chemical Group recognizes that tax payment is one of the most fundamental and important social responsibilities that companies should fulfil. In accordance with the below fundamental policies, the group complies with the respective tax laws in each country in which it operates, ensuring correct tax payment in the spirit of its business philosophy. Through this, the group strives to build relationships of trust with various stakeholders and contribute to the economic development of each country and region.

Legal Compliance

The Sumitomo Chemical Group will comply with all tax laws and regulations applicable to all countries and regions in which business activities are conducted, and will file and pay taxes accordingly.

Tax Planning

The Sumitomo Chemical Group considers and implements tax planning measures in order to improve the cash flow of the business, but such tax planning is done fully in compliance with the laws of each country, ensuring proper consideration of the business circumstances, and does not carry out tax planning for the purposes of tax avoidance.

Tax Havens

The Sumitomo Chemical Group understands that the use of countries or regions with low tax rates or no tax payable (known as “tax havens”) will be to the detriment of appropriate tax payments in each country. Therefore, the Group does not use tax havens for the purposes of avoiding taxes but instead wishes to contribute to each country’s economic development by appropriate payment of taxes.

Transfer Pricing

The Sumitomo Chemical Group sets transaction prices so that cross-border related-party transactions are carried out based on the arm’s length principle, in accordance with the OECD Transfer Pricing Guidelines, in order to ensure the appropriate tax payment in each country and region. The group also ensures regular review of the appropriateness of its profit allocation based on the functions, risks and assets of each group company and the respective contribution each group company makes to the group business. The group also prepares transfer pricing documentation in accordance with the relevant tax laws and regulations.

Uncertain Tax Positions

The Sumitomo Chemical Group conducts business globally, and in addition to conducting various types of transactions, there may be cases where taxation related matters and tax positions may be unclear due to increasingly complex tax systems. For such cases, the group will carefully consider each situation and strive to make decisions that will minimize tax risk, such as by consulting with independent experts and utilizing advance consultation procedures with tax authorities.

Relations with the Tax Authorities

In addition to the group ensuring appropriate filing and payment of tax in each country and region, the Sumitomo Chemical Group will also endeavor to build and maintain good relationships with tax authorities by responding in good faith to their requests.

Tax Transparency

Management System

The Sumitomo Chemical Group Tax Policy was established to diligently implement initiatives aimed at ensuring tax compliance and transparency, and it is shared with Group companies in Japan and overseas. We comply with the tax laws of each country and region where we do business and strictly and appropriately pay taxes.

Furthermore, important tax issues and strategies are reported to regular Management Meetings and Board of Directors meetings.

Risk Management

https://www.sumitomo-chem.co.jp/english/sustainability/governance/risk/

Goals and Results

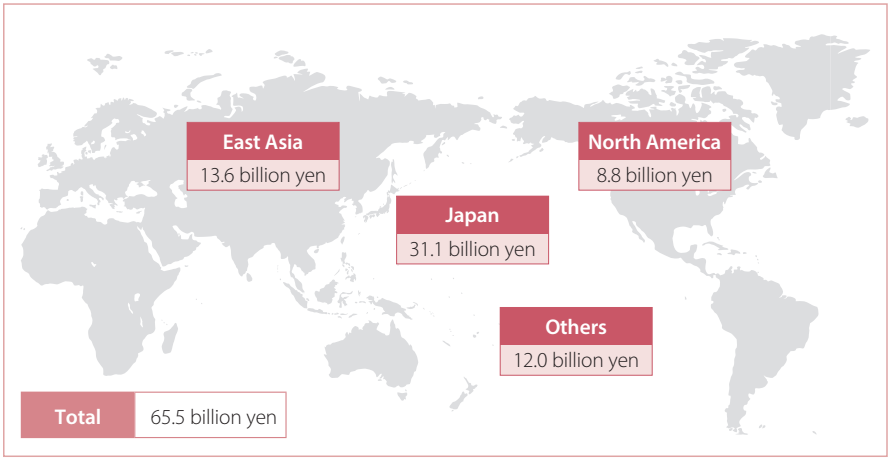
Corporate Income Taxes Paid

■ Tax Amounts of Sumitomo Chemical Group

(Billions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Tax amounts	50.2	48.7	54.4	68.3	65.5

■ FY2022 Tax Amounts by Region of Sumitomo Chemical Group



Responsible Care

Basic Stance

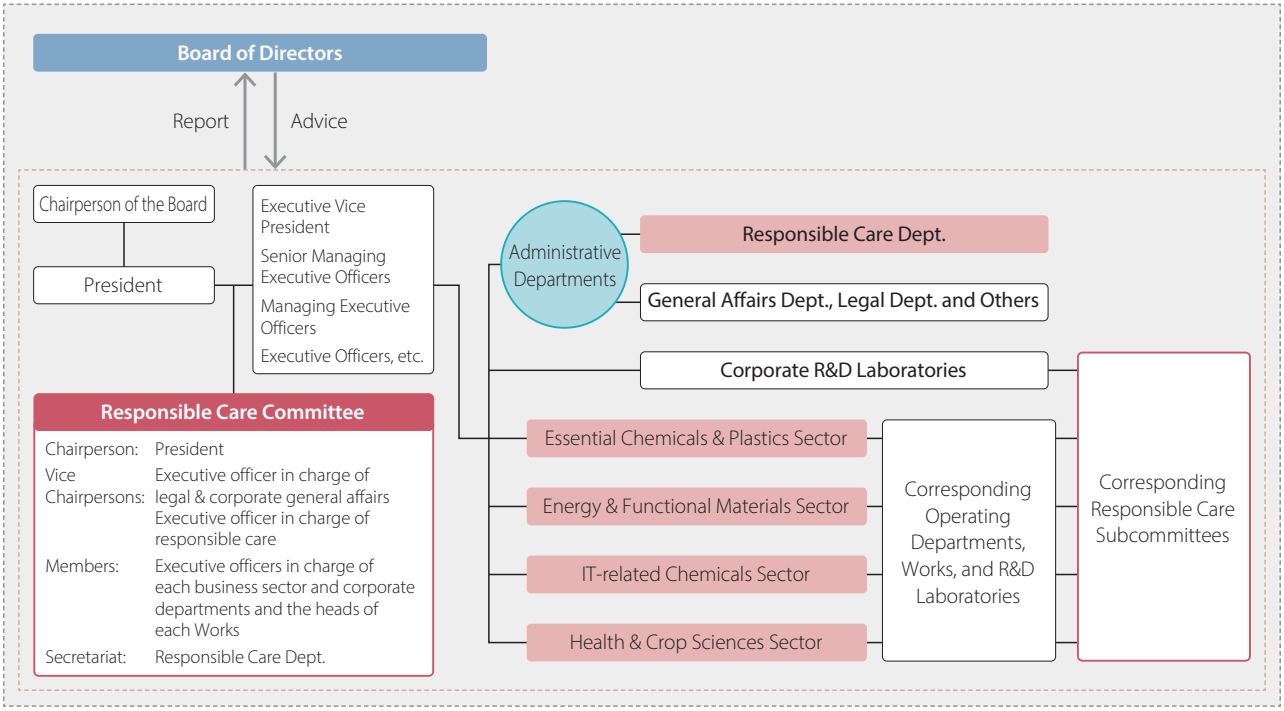
Responsible care (RC) activities refer to the voluntary initiatives undertaken by business operators in the chemical industry, with the goals of ensuring safety, health and the environment throughout the life cycle of chemical products, from development through to the manufacture, sales, use, and disposal after final consumption, maintaining and improving the quality of those products. These activities also strive to gain the further trust of society through continuous dialogue.

The Sumitomo Chemical Group has positioned responsible care activities as one of its most important management pillars. Based on the core principle of "Making safety our first priority," the Group has set goals for each of the following fields: occupational safety and health; industrial safety and disaster prevention; environmental protection; addressing climate change; product stewardship, product safety, and quality assurance; responsible care audits; and logistics. The Group is working to achieve the goals it has set.

Management System

As the body for deliberating and approving Sumitomo Chemical's RC activities, the Responsible Care Committee is chaired by the President and comprises executive officers responsible for and in charge of the administrative departments and the four business sectors of the Company, and the General Manager of each Works. The Committee puts in place annual policies on activities, medium-term plans, and specific measures as they relate to responsible care. The committee also analyzes and assesses the results of responsible care activities. The Committee then reports the content of its meetings to the Board of Directors as appropriate and receives necessary guidance in an effort to enhance its supervisory functions and the execution of its duties.

■ Organization of Responsible Care



Responsible Care

Policies and Goals

Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality)

Sumitomo Chemical has set forth safety, health, the environment, and product quality as top priorities for all phases of its business activities in its Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality). This policy has been communicated to all employees of Sumitomo Chemical and its Group companies to ensure that each and every employee is fully aware of it.

To ensure that we, in accordance with our Basic Principles for Promoting Sustainability and the Sumitomo Chemical Charter for Business Conduct, contribute to the sustainable development of society and achieve our own sustained growth by gaining society's trust, we declare our commitment to addressing, together with Group companies, the following matters as the highest priority tasks with respect to safety, health, the environment, and product quality:

1. We will maintain safe and stable operations by realizing zero-accident, zero-injury performance and "Making safety our first priority."
2. We will ensure the safety of our employees, neighboring communities, and other stakeholders through risk-based continual improvement of our performance in occupational safety and health, industrial safety and disaster prevention, and other related areas, as well as the security of our facilities, processes and technologies.
3. We will work to ensure environmental and human health and safety throughout the life cycle of our products by promoting continual improvement in chemicals safety and product stewardship across the supply chain, and enhancing our chemicals management system.
4. We will work to protect the environment through continual improvement of our environmental performance throughout the life cycle of our products, from development to disposal, and address climate change and related issues.
5. We will provide safe and reliable products and services that our customers can use safely and with confidence.
6. We will not only comply with all domestic and international laws, regulations, and ordinances but also work to use best practices through our voluntary initiatives.
7. We will disclose information and engage in dialogue with society to ensure we meet society's expectations, respond to its interests, and remain accountable to the same.
8. We will contribute to sustainable development of society by improving our performance, expanding business opportunities, as well as developing and providing innovative technologies and other solutions to address social challenges.

Established: April 1, 2020

Note: Combined "Corporate Policy on Safety, the Environment and Product Quality (Established: April 1994)" and "Policy on Responsible Care Activities (Established: January 1995)"

Responsible Care

Promoting Responsible Care Activities

Sumitomo Chemical shares policies and targets regarding RC across the entire Group. We are working to maintain stable operations with zero accidents and zero injuries as the foundation of our business, which is one of the basic policies outlined in the responsible care medium-term plan. We are also striving to ensure safety, health and the environment throughout the life cycle of products as well as to improve the quality of chemical products the Company manufactures.

	Medium-term Plan (FY2022 – FY2024)
Occupational Safety and Health	• Assess the level of safety culture and safety infrastructure at each workplace and persistently strive for improvement • Promote safety and health activities based on international standards and the utilization of DX to adapt to a new society where people can choose from a variety of flexible working styles and changes in the structure of society caused by the pandemic
Industrial Safety and Disaster Prevention	• Strive to strengthen safety infrastructure by introducing advanced technologies to improve management technologies, training highly skilled process safety personnel, and carefully managing facilities and construction projects • Strengthen our response to intensifying natural disasters and new threats, such as terrorism
Environmental Protection	• Steadfastly comply with environmental laws and regulations and promote reductions of our environmental impact • Actively work to disclose environment-related nonfinancial information to help steadily improve our standing in society while addressing new issues, such as those related to water risks and biodiversity
Addressing Climate Change	• Work to formulate and implement specific measures aimed at achieving our science-based targets (SBTs) and then updating to the SBT 1.5°C target • Sumika Sustainable Solutions deepen cooperation between departments as we strive to achieve new 2024 targets
Product Stewardship, Product Safety, and Quality Assurance	• Work to address risks through use of the Company's systems, including the comprehensive chemical management system (SuCCESS), while steadily implementing a bottom-up approach, such as maintaining personnel and introducing qualification systems • Strive to enhance operational quality by fostering a quality-focused culture and promoting DX as well as promote activities to prevent quality-related problems through risk management and reduce losses arising from flaws
RC Audits	• Conduct audits to ensure thorough operation of the responsible care management system, steady improvements to its operation, and compliance with related laws and regulations
Logistics	• Work to reduce the number of logistics safety- and quality-related incidents

Note: More details on the key activities and initiative results for each field can be found in the following sections.

At present, we have stationed responsible care specialists at regional headquarters in Europe and the Americas as well as China and the wider Asia-Pacific region. This has enabled us to develop RC activities rooted in each area. We established the Sumitomo Chemical Group's Safety Ground Rules in 2016 as a measure to further secure safety at all Group locations. We have since been working to promote awareness of the rules among all Group employees while further raising the level of Group-wide safety activities and eliminating work-related accidents. Moreover, we strive to ensure the safety of community residents and protect their environment while promoting mutual understanding by providing residents with information concerning our initiatives and engaging in dialogue.

Also, we continually work to develop human resources that are capable of implementing responsible care, for example, through training and practice at each production site and regional headquarters as well as regular meetings attended by the responsible care managers of Group companies in Japan and overseas. In addition, we publish a newsletter that covers various topics and information on accidents and disasters that have occurred within the Group in the hope of preventing similar occurrences. We also promote various kinds of RC activities through RC awards for excellent RC activities of Group companies.

Looking Ahead

As global-scale issues pile up, including the response to climate change, the creation of a circular economy, and considerations for biodiversity, we, as people engaged in the chemical industry, duly regard society's trust in us as essential to our continued business viability. To ensure continued growth together with customers, regional neighbors, and employees, we will continue to promote responsible care activities throughout the Group.

Responsible Care

Eco-First Commitments

In November 2008, Sumitomo Chemical was the first diversified chemical company recognized as an Eco-First Company in the Eco-First Program promoted by the Ministry of the Environment.

In November 2021, we updated our Eco-First Commitments for the third time, reflecting new initiatives related to environmental conservation. We made a declaration regarding this to the Minister of the Environment and are promoting initiatives based on these commitments.

ECO FIRST

Eco-First Commitments Updated Version

November 29, 2021

To Tsuyoshi Yamaguchi
Minister of the Environment

President of Sumitomo Chemical Co., Ltd.
Keiichi Iwata

As a leader in the chemical industry, Sumitomo Chemical Co., Ltd. not only observes strict compliance with all relevant laws and regulations, but also works to ensure safety, environmental protection, health and product quality throughout the life cycle of chemical products. The Company also strives to gain the further trust of society through continuous dialogue, and undertakes voluntary initiatives (Responsible Care activities) to contribute to the sustainable development of society.

01 We will promote efforts toward the realization of a carbon-neutral society.

1. As a company that agrees with the Task Force on Climate-related Financial Disclosures and has acquired SBT certification, we will actively promote various measures such as low-carbon fuel conversion and energy saving to prevent global warming, and work to reduce GHG emissions.
2. In addition to 1, we will proceed with the formulation of strategies for achieving carbon neutrality by 2050 through the development of innovative technologies and products.
3. In order to contribute widely to society through the power of chemistry (business), we will actively invest in research and development of products and technologies that contribute to climate change, and carry out in-house certification. In addition, we will quantitatively grasp the GHG reduction effect of these certified products and technologies and publish information.

02 We will work to realize the circulation of plastic resources and solve the problems of plastic waste through our business, such as the provision of technologies, products, and services that can demonstrate the strengths of chemistry.

1. In collaboration with other companies and academic institutions, we will promote technological development and construction of recycling systems, and work toward further social implementation of plastic material recycling and chemical recycling.
2. We will conduct in-house education and enlightenment so that the recycling of plastic resources can be regarded as one's own responsibility and lead to changes in one's own behavior, promote the separate collection of waste in the offices and facilities, and carry out social contribution activities such as cleaning the area around the offices and facilities, including rivers and coasts (aiming to be carried out at least once a year at each office or facility). In addition, through participation in various alliances, we will collaborate with others involved in the plastic value chain and actively work to respond to a wider range of social issues.

03 We will continue to manage chemical substances and risk communication appropriately and positively.

1. We will carry out a re-inspection of the risk assessment for all chemical substances handled by our company that have completed the risk assessment based on the latest knowledge after setting priorities, and will disclose the results to the public.
2. We will collaborate with chemical companies around the world on studies of the impact of chemical substances on human health and the environment (Long-range Research Initiative), in order to continuously improve the safety of chemical substances.
3. All the offices and facilities at Sumitomo Chemical will strive to communicate effectively with and promote information disclosure to local residents and other stakeholders in creative and voluntary ways that suit the needs of the local community, and continue activities to deepen mutual understanding.

The Company will monitor the progress made in
the above initiatives, make the results publicly available,
and report them to the Ministry of the Environment on a regular basis.

SUMITOMO CHEMICAL

Responsible Care

Results ○ Very favorable/ ● Generally favorable

Realizing a Carbon-Neutral Society

○

Formulated a grand design to achieve carbon neutrality by 2050

- In December 2021, we formulated a grand design to achieve carbon neutrality by 2050, setting out a direction for our initiatives and goals for our activities. The Sumitomo Chemical Group*1 commits itself to reducing its greenhouse gas emissions by 50% by 2030 compared to the level of emissions in FY2013, and to achieving carbon neutrality by 2050. Having raised our 2030 emissions reduction target to 50%, we once again received certification from the Science Based Targets (SBTs)*2 initiative for this new target as meeting the standard of "well below 2°C."*3 We will accelerate reductions in greenhouse gas emissions by approaching the issue from the perspectives of both obligations to bring our own greenhouse gas emissions close to zero and contributions through our products and technologies to reducing global greenhouse gas emissions.

Promoting such initiatives as fuel conversion to low-carbon fuels and energy savings

- In the Ehime region, we plan to switch from coal and heavy oil to LNG and, in the Chiba region, from petroleum coke to LNG. We expect this to yield reductions in annual CO_2 emissions of around 650 and 240 thousand tons, respectively. We began supplying LNG in the Ehime region from March 2022 and began operations of newly built LNG-fired power generation equipment from November. In addition, we set about a study to take advantage of clean ammonia.

Promoting Sumika Sustainable Solutions

- We are promoting Sumika Sustainable Solutions, which are initiatives to internally designate products and technologies that contribute to global warming countermeasures and environmental impact reduction. A total of 71 products and technologies have been designated, with combined sales of 682.8 billion yen in fiscal 2022 (consolidated). In addition, the Science-Based Contributions, which quantitatively and scientifically calculate*4 how much GHG emissions were reduced in society by utilizing the SSS-certified products and technologies that Company has sold and provided, in fiscal 2022*5 totaled 8.3 million tons of carbon dioxide equivalent (CO_2e), with technology accounting for 2.7 million and final products accounting for 5.6 million.

Realizing the Recycling of Plastic Resources and Solving Plastic Waste Problems

○

Practical application of plastic material and chemical recycling

- We set a KPI for the amount of recycled plastic resources used in manufacturing processes, targeting 200,000 tons annually by 2030.
- Regarding material recycling, from June 2021, we began considering a business alliance with Rever Holdings Corporation, which is a diversified recycling company that handles metals, automobiles, home appliances, and more, with the aim of recycling and effectively utilizing good-quality waste plastic resources. Regarding chemical recycling, in February 2022, four themes related to chemical recycling technology for manufacturing chemicals using waste plastic and alcohols were selected for Green Innovation Fund Projects,*6 enabling an even greater acceleration of technological development.

Conducting social contribution activities and participating in various alliances

- Since fiscal 2020, we have continued to provide education and raise awareness to enable people to take ownership of various issues related to recycling plastic resources, such as offering original educational videos regarding the basics of recycling plastic resources for all management executives and employees in the Sumitomo Chemical Group. In addition, we work daily on separating and collecting waste at each business location. In fiscal 2022, after taking thorough measures to prevent the spread of COVID-19, we carried out a total of 60 social contribution activities, such as cleaning up areas surrounding our business sites and cleaning up neighboring waterways and coasts, at 14 of 16 business locations in Japan.
- We participate in the Alliance to End Plastic Waste (AEPW), which is an international alliance working to solve the plastic waste problem, and the Japan Clean Ocean Material Alliance (CLOMA), which is a domestic alliance working to solve the marine plastic waste problem. Our participation in these alliances entails cooperating with others associated with the plastic value chain to address broad social issues that would be difficult to solve alone, such as upgrading the waste collection infrastructure in countries around the world with high emissions of plastic waste.

Management of Chemical Substances and the Promotion of Risk Communication

○

Reviewing Safety Information on Chemicals and Conducting Risk Assessments

- Performed risk assessments for 56 products in fiscal 2022. We publicly released safety summaries for 58 substances and are steadily revising the summaries. (https://www.jcia-bigdr.jp/jcia-bigdr/en/material/icca_material_list)

LRI*7 Initiatives

- Promoted research by actively participating in the LRI program implemented by the Japan Chemical Industry Association as a member of the steering committee and research strategy planning group. Furthermore, we participate in the microplastics task force, which has close ties to the LRI program, and provide feedback.

Enhancing Information Disclosure and Risk Communication

- Published the Annual Report, Sustainability Data Book, the Report on the Environment and Safety (at all worksites), local PR newsletters, etc., made information publicly available on the official website, made school visits, accepted student interns, and engaged in dialogue with local residents.

*1 Sumitomo Chemical and its consolidated subsidiaries in Japan and overseas

*2 Stringent GHG emission reduction targets set by companies based on scientific principles to achieve the goals of the Paris Agreement

*3 Shared long-term global targets laid out in the Paris Agreement. Defined as holding the global temperature rise from pre-industrial levels to below 2°C and mentioning continuing efforts aimed at holding the rise down to 1.5°C

*4 Although Sumitomo Chemical works to reduce Scope 1 and 2 emissions on its own as an obligation, Science Based Contributions (SBC) are different. They visualize the contributions to reductions in society's GHG emissions that we make by providing the Company's technologies and final products to others.

*5 The fiscal 2022 SBC indicators for the selected technologies and products were calculated as follows:

Technologies:
- The propylene oxide (PO)-only process is compared with the average of other manufacturing methods, including chlorine method, and the hydrochloric acid oxidation process is compared with the salt electrolysis process.
- We calculate licensees' contributions to emission reductions.

Products:
- Methionine is compared with non-additive feed. We calculate contributions to the reduction of N_2O in poultry excrement.
- The Sumisoya herbicide is compared with conventional farming methods for soybean cultivation. We calculate the contribution to emission reductions from no-till farming in the United States.
- Seed treatment agents and paddy rice nursery-box treatment agents are compared with conventional farming methods. We calculate contributions to emission reductions from avoiding the use of crop protection chemicals.

*6 To realize carbon neutrality by 2050, the Ministry of Economy, Industry and Trade created a 2 trillion yen fund in NEDO. These projects continuously support companies committed to ambitious targets pertaining to everything from research and development to pilot testing and practical application over a 10-year period.

*7 Long-range Research Initiative: Long-term support for research into the effects of chemical substances on human health and the environment

Responsible Care

Responsible Care (RC) Audits
Basic Stance

The RC audit is a management system for verifying the proper implementation of RC activities, such as ensuring safety and environmental protection, and maintaining and improving the safety and quality of chemical products. It also promotes process enhancement if areas for improvement are found in those activities.

To promote the Sumitomo Chemical Group's RC global management, RC audit activities are used to study and evaluate duties executed in the course of business and the status of management and supervision from the perspectives of compliance, effectiveness, efficiency, and credibility of financial reporting. By offering advice and proposals for improvement and rationalization through the audit activities, we can prevent compliance violations, corruption, and errors as well as protect corporate assets and enhance operational efficiency. RC audits fulfill the functions of improving management at the Company and Group companies and aid in building, maintaining, and improving the internal control system (responsible audit rules) through the following four-step approach.

Step 1: Sharing Sumitomo Chemical's Business Philosophy
Step 2: Promoting an understanding of and sharing in the Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality); RC management systems; and Group Responsible Care Standards
Step 3: Establishing and developing RC management systems at each Group company
Step 4: Carrying out modifications to the direction and adjusting levels of RC activities by undergoing RC audits

Through face-to-face communication through each of the aforementioned steps, we have successfully provided assistance so that the RC management system is set in place by taking the scale, type of business, and attributes of each Group company into consideration. Relationships built on trust with Group companies that have been nurtured through these RC audits are utilized to enhance individual support, the lively exchange of opinions, and various other initiatives aimed at resolving a wide range of issues at Group companies.

Responsible Care

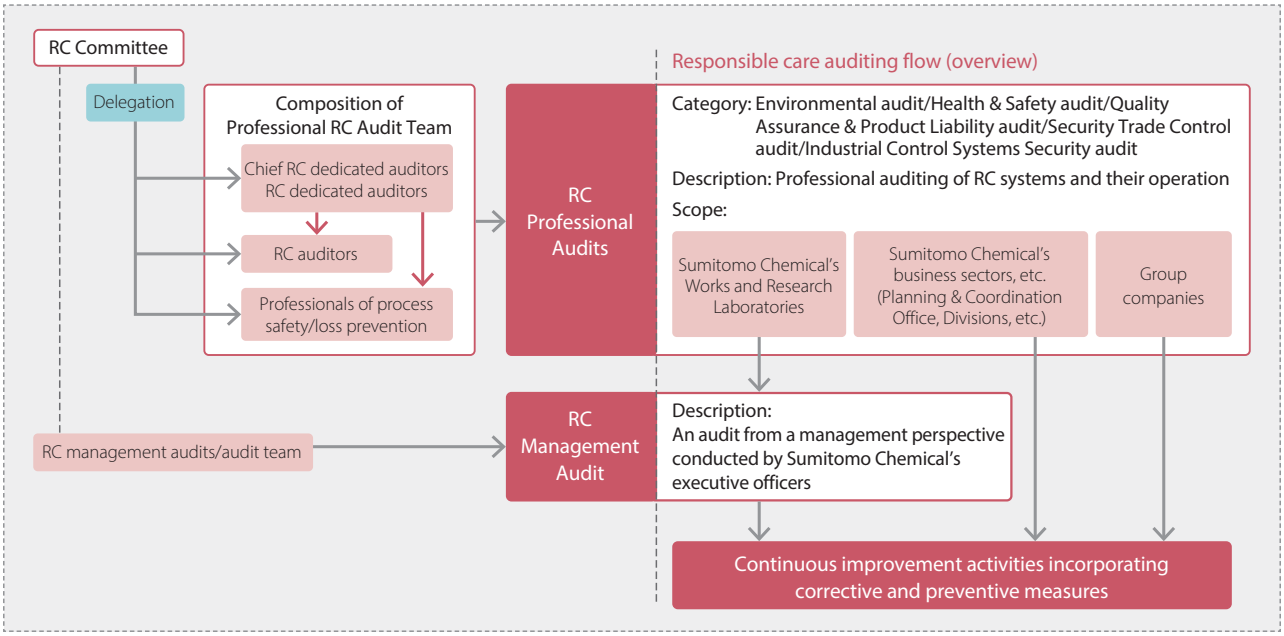
Management System

Sumitomo Chemical has an independent RC audit team. The auditors specially designated by the executive officers in charge of RC have a wealth of knowledge, experience, and technical expertise. Based on the RC audit policies and plans approved by the Responsible Care (RC) Committee every year, these auditors conduct audits of internal organizations as well as Group companies in Japan and overseas (consolidated business companies that have been determined to need auditing, Group business companies for which auditing has been requested, and listed Group companies (including their subsidiaries)). In fiscal 2022, as COVID-19 restrictions eased, we restarted on-site audits of overseas Group companies while diligently taking infection prevention measures. However, audits were still conducted remotely for those in some regions where restrictions remained in place. In addition, RC audits of internal Works and research labs are conducted from a management perspective by an audit team comprising Sumitomo Chemical's executive officers in charge of RC. In line with the important direction provided during an RC audit, the Works and labs report their methods for advancing corrective and preventive measures, the status of their responsible care activities, and important issues to the audit team for discussion.

The Scope and Cycle

In principle, RC audits are conducted every one or two years at Sumitomo Chemical's Works and business sectors, and every three years at Group companies.

■ Responsible Care Auditing Framework



Responsible Care

Goals and Results

Responsible Care Audit Results (Sumitomo Chemical Group)

Facilities		FY2020	FY2021	FY2022
Professional audits*1	Works and research laboratories	9	10	8
	Independent laboratories	0	2	0
	Logistics centers	0	0	0
	Business sectors	4	4	4
	Group companies in Japan	11	16	21*3
	Group companies overseas	2	6	12*3
Management audits*2	Works, research laboratories, and independent laboratories	5	8	5
Total		31	46	50

Note: Refer to Responsible Care Auditing Framework on page 95 for more details.

*1 Audits of systems and operations by specialists in each field
*2 Audits from a management perspective by Sumitomo Chemical officers
*3 Companies subject to audit comprised 32 domestic companies (57 facilities) and 38 overseas companies (45 facilities). All domestic audits were conducted on site according to plan. Although we restarted on-site audits for overseas companies, because restrictions remained in place in some regions, we conducted 1 remote audit.

FY2022 Professional Audits for Facilities and Business Sectors (Sumitomo Chemical)

Assessment	Facilities (Works, Research Laboratories)	Business Sectors (Head Office Business Sectors)	Total
Good	4	1	5
Needs improvement	96	14	110
Needs to be examined	89	9	98
Total	189	24	213

Looking Ahead

We continually work to prevent compliance violations, corruption, and errors as well as to improve the management of both Sumitomo Chemical and Group companies while building, maintaining, and improving their internal control systems as needed.

Cybersecurity

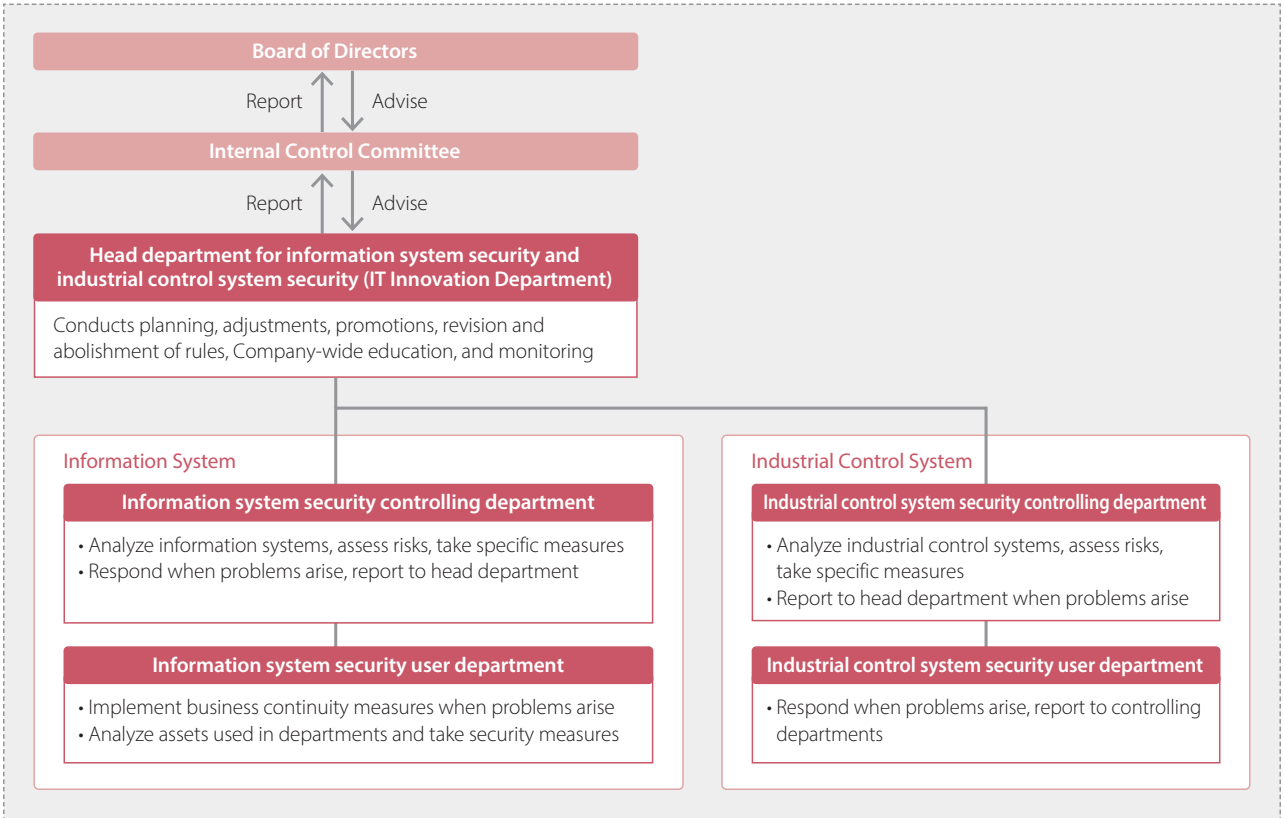
Basic Policy

Digital innovation which seeks to improve productivity, business competitiveness, and create new business models is accelerating through the use of IT. On the other hand, risks related to information systems such as the sophistication of cyber-attacks, are also increasing. The purpose of Cybersecurity is to properly manage information, information systems and information communication networks, prevent leaks and losses, and minimize impact of security incidents. As a member of a critical infrastructure provider, we regard cyber security as an important management issue, and we will take measures from multiple angles (organizational, institutional, human, technical, and physical) and respond appropriately.

Management System

Sumitomo Chemical has constructed the following framework for information system security and industrial control system security, and is implementing the PDCA cycle.

■ Security Framework for Information System and Industrial Control System



Cybersecurity

Goals and Results

We have established a security policy in accordance with the concept of ISMS (Information Security Management System), an international standard for the organization's information security framework.

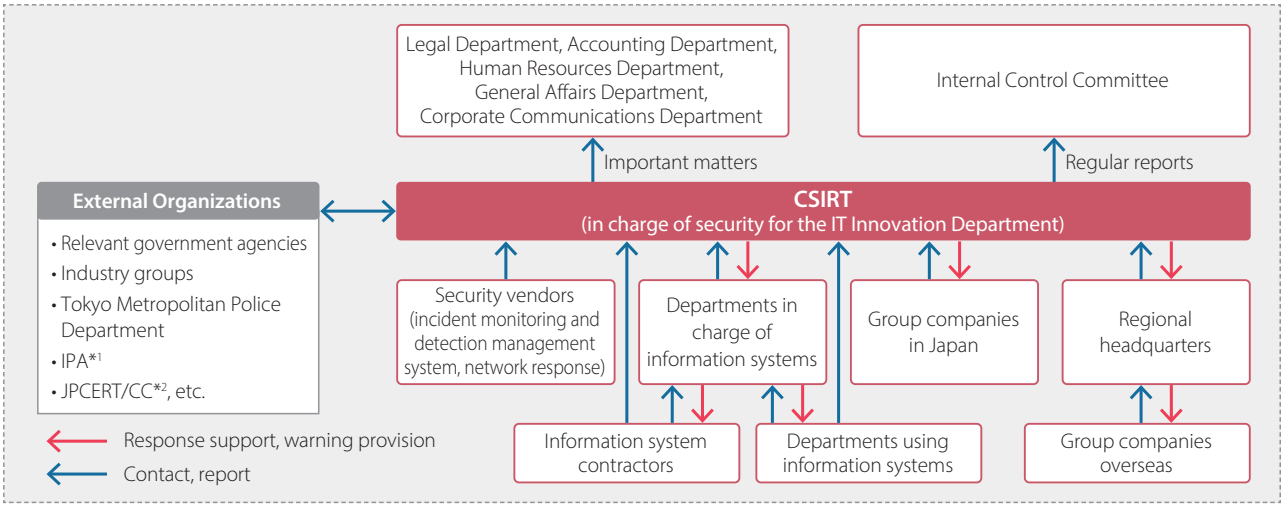
Our basic policy comprises multifaceted security measures (multilayered incident prevention and disaster mitigation), such as those outlined below.

Type of measure	Content of measure
Organizational measures	• Constructed an information system and industrial control system security framework • Constructed an information-sharing framework with inside and outside organizations to ensure preparedness against security incidents
Systematic measures	• Establish general standards and standards related to security, including for Group companies • Periodically conduct security self-inspections and conduct IT security internal audits that encompass Group companies
Personnel measures	• Conduct periodic security education using e-learning system, etc. • Conduct alerts and security incident response exercises
Technological measures	Implement a range of measures, including access restriction, malware measures, and vulnerability measures, for individual servers and computers as well as networks
Physical measures	Use cloud servers complete with entry/exit controls and other security features

Examples of Initiatives

We have established a CSIRT (Computer Security Incident Response Team) in the information system security head department (IT Innovation Department). The team analyzes security information from external organizations, provides warnings to the Group, gathers information on security incidents that occur within the Group, and comprehensively manages the Group's response.

■ Security Incident Response Framework



*1 IPA: Information-Technology Promotion Agency, Japan
*2 JPCERT/CC: Japan Computer Emergency Response Team Coordination Center

Looking Ahead

As a critical infrastructure operator, Sumitomo Chemical considers cyber security to be an important management issue and will continue responding to growing threats. By taking appropriate system security measures, we will continue to create more value with the aim of supporting the global expansion of business, solving issues in the international community, and enhancing quality of life.

Environment

Contributing to the SDGs through Environmental Activities

Contents

Environmental Activity Goals and Results

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

Items		Boundary	Goals	Fiscal 2022 Results	Evaluation	Pages
Climate Change Mitigation and Adaptation	Greenhouse gas emissions Scope 1+2*1	Sumitomo Chemical Group Consolidated	Reduce 36% compared to fiscal 2020 levels by 2030	Reduced 11% relative to fiscal 2020	○	Pages 102–115
	Scope 3*2	Sumitomo Chemical Group Consolidated	Reduce 14% relative to fiscal 2020 for categories 1 and 3*3 by fiscal 2030	Reduced 4.1% relative to fiscal 2020	○	
	Unit energy consumption*4	Sumitomo Chemical Group Consolidated	Improve more than 3% over the three years of the Corporate Business Plan (set the base year at fiscal 2021 in tandem with the start of a new corporate business plan (fiscal 2022–2024))	Improved 14% relative to fiscal 2021	○	
	Unit energy consumption in the logistics division	Sumitomo Chemical and Group companies in Japan*5	Improve over 1% per year on average over five years	Worsened by an annual average of 0.2% over five years	△	

Note: Further details on goals based on the Act on the Rational Use of Energy and results are provided in the supplementary data (pages 132–133).

*1 Scope 1: Direct greenhouse gas emissions from operators themselves (fuel burning and industrial processes)
Scope 2: Indirect emissions from purchases of power and heat from outside the factory

*2 Scope 3: Emissions from the manufacturing and transportation of purchased raw materials

*3 Category 1: Purchased goods and services
Category 3: Fuel and energy activities not included in Scopes 1 or 2

*4 Energy consumption divided by consolidated net sales

*5 Within the scope of specified shippers according to the definition stipulated under the Act on the Rational Use of Energy

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

Items		Boundary	Fiscal 2022 Goals	Fiscal 2022 Results	Evaluation	Fiscal 2023 Goals	Pages
Contribute to Recycling Resources	Promoting the effective use of plastic resources	Sumitomo Chemical and Group companies in Japan	Improve total amount of valuable resources and effective usage*6 by at least 1% on average per year relative to fiscal 2020	Improved 1.7% relative to fiscal 2020	○	Improve total amount of valuable resources and effective usage by at least 1% on average per year relative to fiscal 2020	Pages 116–121
		Group companies overseas	Improve total amount of valuable resources and effective usage*6 by at least 1% on average per year relative to fiscal 2020	Worsened 14.6% relative to fiscal 2020	△	Improve total amount of valuable resources and effective usage by at least 1% on average per year relative to fiscal 2020	
	Reduce the amount of industrial waste sent to landfills	Sumitomo Chemical	Maintain 80% reduction compared to fiscal 2000 levels	Reduced by 92.5% relative to fiscal 2000	○	Maintain 80% reduction compared to fiscal 2000 levels	
		Sumitomo Chemical and Group companies in Japan	Maintain waste volume at below fiscal 2015 levels to fiscal 2022	Reduced by 4.8% relative to fiscal 2015	○	Maintain waste volume at below fiscal 2015 levels to fiscal 2023	
	Promoting the effective use of industrial waste	Sumitomo Chemical and Group companies in Japan	Improve effective usage rate*7 by at least 1% on average per year relative to fiscal 2020	Improved 1.0% relative to fiscal 2020	○	Improve effective usage rate by at least 1% on average per year relative to fiscal 2020	
		Group companies overseas	Improve effective usage rate*7 by at least 1% on average per year relative to fiscal 2020	Improved 1.0% relative to fiscal 2020	○	Improve effective usage rate by at least 1% on average per year relative to fiscal 2020	
	Properly treated PCB waste	Sumitomo Chemical and Group companies in Japan	• High concentrations of PCB*8: Work toward appropriate storage and recovery of waste containing high concentrations of PCBs and complete PCB waste treatment at an early stage • Minute amounts of PCB*9: Work toward appropriate storage and recovery of waste containing minute amounts of PCBs and complete PCB waste treatment by March 2025	• High concentrations of PCBs: Sumitomo Chemical: Completed treatment Group companies in Japan: Completed treatment • Minute amounts of PCBs: Implemented the treatment of waste containing minute amounts of PCBs at certain factories; continued to promote the storage and recovery of untreated waste	○	• High concentrations of PCBs: Work toward appropriate storage and recovery of waste containing high concentrations of PCBs and complete PCB waste treatment at an early stage • Minute amounts of PCBs: Work toward appropriate storage and recovery of waste containing minute amounts of PCBs and complete PCB waste treatment by March 2025	

Note: Further details are provided in the supplementary data (pages 134–154).

*6 Effective usage amount = (amount internally recycled and reused + amount of internally recovered heat) + (amount externally recycled and reused + amount of externally recovered heat)

*7 Effective usage rate = {(amount internally recycled and reused + amount of internally recovered heat) + (amount externally recycled and reused + amount of externally recovered heat)}/amount of waste generated × 100

*8 High concentrations of PCBs: Polychlorinated biphenyls (PCBs) intentionally used as insulation oil in such items as electric appliances

*9 Minute amounts of PCBs: PCBs unintentionally mixed into insulation oil in such items as electric appliances (over 0.5 mg/kg)

Environmental Activity Goals and Results

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

Items		Boundary	Fiscal 2022 Goals	Fiscal 2022 Results	Evaluation	Fiscal 2023 Goals	Pages
Sustainable Use of Natural Capital	Severe environmental accidents	Sumitomo Chemical and Group companies in Japan	0	0	○	0	Pages 122–131
	Laws and regulations, etc.	Sumitomo Chemical	Properly respond to more stringent laws and regulations and proactively address trends in new environmental regulations	Offered industrial insights in collaboration with Japan Chemical Industry Association and other organizations at governmental committee meetings, including those held for the Air Pollution Control Act (related to photochemical oxidants)	○	Properly respond to more stringent laws and regulations and proactively address trends in new environmental regulations	
	Environmental protection management methods, etc.	Sumitomo Chemical	Provide individual support to Group companies for responding to environmental regulations	Provided individual support related to the Waste Management and Public Cleansing Law, the Soil Contamination Countermeasures Act, the Act on Rational Use and Proper Management of Fluorocarbons, the PRTR Act and Water Pollution Prevention Act.	○	Provide individual support to Group companies for responding to environmental regulations	
	Conservation of Biodiversity	Sumitomo Chemical	Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity" and strengthening effort	Participated in biodiversity conservation initiatives through the nature symbiosis website promoted by the Ministry of the Environment	○	Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity"	
	Prevention of air and water pollution	Sumitomo Chemical	Meet voluntary management criteria*1	The legal emission standard limit was exceeded, albeit slightly, at some worksites	△	Meet voluntary management criteria	
	Prevention of ozone layer depletion	Sumitomo Chemical and Group companies in Japan	• Eliminate the use of refrigeration units that use CFCs as coolants by fiscal 2025 • Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045	Systematically replaced refrigeration units that use CFCs and HCFCs as coolants	○	• Eliminate the use of refrigeration units that use CFCs as coolants by fiscal 2025 • Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045	
	Response to PRTR	Sumitomo Chemical	Maintain 60% lower total emissions relative to fiscal 2008	Reduced emissions by 89.9% relative to fiscal 2008	○	Maintain 60% lower total emissions relative to fiscal 2008	
		Sumitomo Chemical and Group companies in Japan	Maintain total emissions of air and water pollutants at below fiscal 2015 levels to fiscal 2022	Reduced emissions by 13.7% relative to fiscal 2015	○	Maintain total emissions of air and water pollutants at below fiscal 2015 levels	
	Reduction of VOC emissions	Sumitomo Chemical	Maintain VOC emissions reductions at 30% relative to fiscal 2000	Reduced emissions by 62.5% relative to fiscal 2000	○	Maintain VOC emissions reductions at 30% relative to fiscal 2000	
	Effective use of water resources	Sumitomo Chemical	Promote effective and efficient use of water resources	Water usage worsened by 4.1% relative to fiscal 2021	△	Promote effective and efficient use of water resources	
		Group companies overseas	Improve unit water consumption by at least 1% on average per year	Worsened 4.3% relative to fiscal 2020	△	Improve unit water consumption by at least 1% on average per year	
	Prevention of soil and groundwater contamination	Sumitomo Chemical and Group companies in Japan	Keep hazardous materials strictly within Company premises*2	Leaks occurred, albeit minor, within the premises of some worksites	△	Keep hazardous materials strictly within Company premises	

Note: Further details are provided in the supplementary data (pages 134–154).

*1 Voluntary management targets that are stricter than the mandated levels and criteria of relevant laws and regulations, including agreements reached with local authorities.

*2 Keep hazardous materials strictly within Company premises: Controlled on the premises.

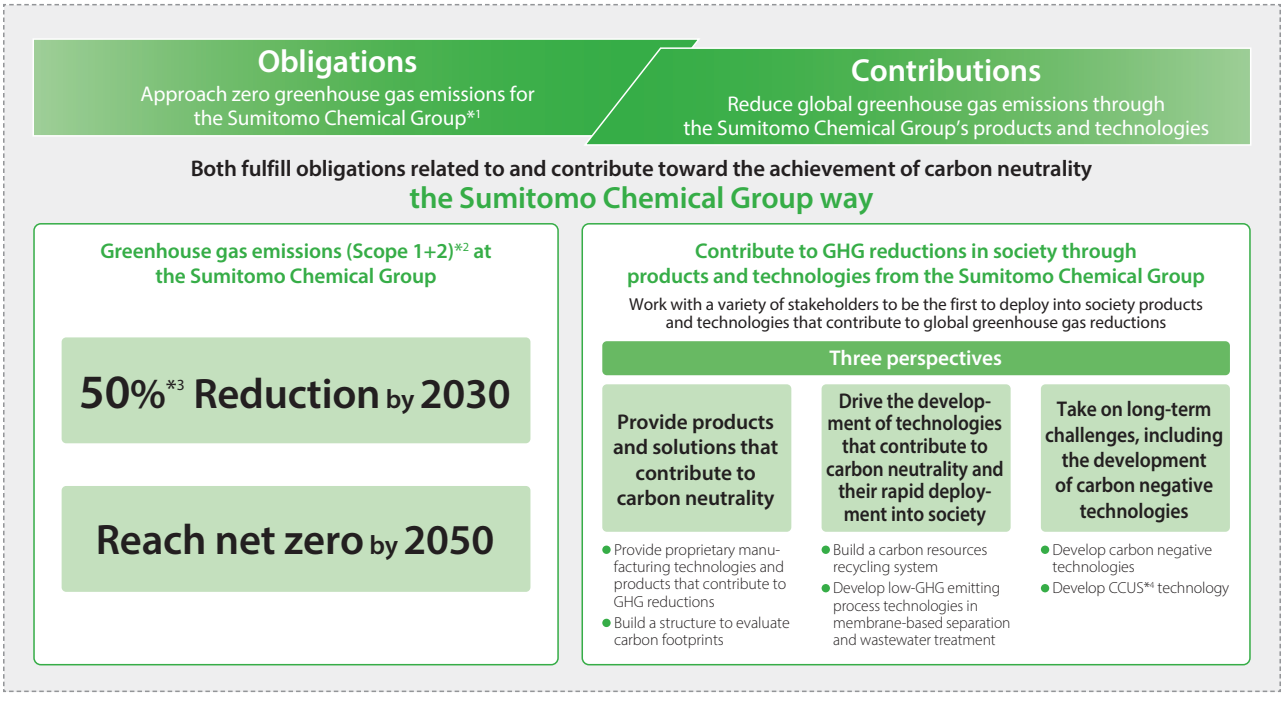
Climate Change Mitigation and Adaptation

Basic Stance

Sumitomo Chemical considers climate change a social issue on which chemical companies should take the lead. To swiftly address this problem, we are actively working to respond to risks and to seize opportunities by utilizing the technology we have cultivated to date. In addition, regarding disclosure related to climate change, we will continue gaining the trust of society by actively raising awareness of our initiatives using the framework of the TCFD recommendations.

Furthermore, with movements aimed at achieving carbon neutrality picking up steam in recent years, the chemical industry is being strongly called upon to create innovation and contribute to the achievement of carbon neutrality for society at large through its businesses. In December 2021, Sumitomo Chemical formulated and publicized its "grand design to achieve carbon neutrality," setting out a direction for its initiatives aimed at realizing carbon neutrality by 2050. In line with this, we will push ahead with initiatives that address both our obligation to bring our own greenhouse gas (GHG) emissions close to zero and the contribution we can make to promoting carbon neutrality for society as a whole through our technologies and products. To fulfill our obligation, we have committed ourselves to reducing our GHG emissions by 50% by 2030 (compared to the level of emissions in FY2013), and to achieving net zero GHG emissions by 2050. We will also contribute to the reduction of GHG emissions throughout society by engaging in external collaboration and otherwise facilitating innovation to develop products and technologies that serve this end, along with pursuing their social implementation, with the aim of helping communities around the world realize carbon neutrality.

■ Grand Design toward Achieving Carbon Neutrality



*1 Referring to Sumitomo Chemical Co., Ltd. and its consolidated subsidiaries in and outside Japan

*2 Scope 1: Greenhouse gases directly emitted by plants, such as in the use of fuels and in manufacturing products
Scope 2: Greenhouse gases emitted indirectly, such as through the purchase of electric power or steam from outside the Company's plants

*3 Compared to FY2013

*4 CCUS: Carbon dioxide Capture, Utilization and Storage

Climate Change Mitigation and Adaptation

Disclosure in Line with TCFD Recommendations

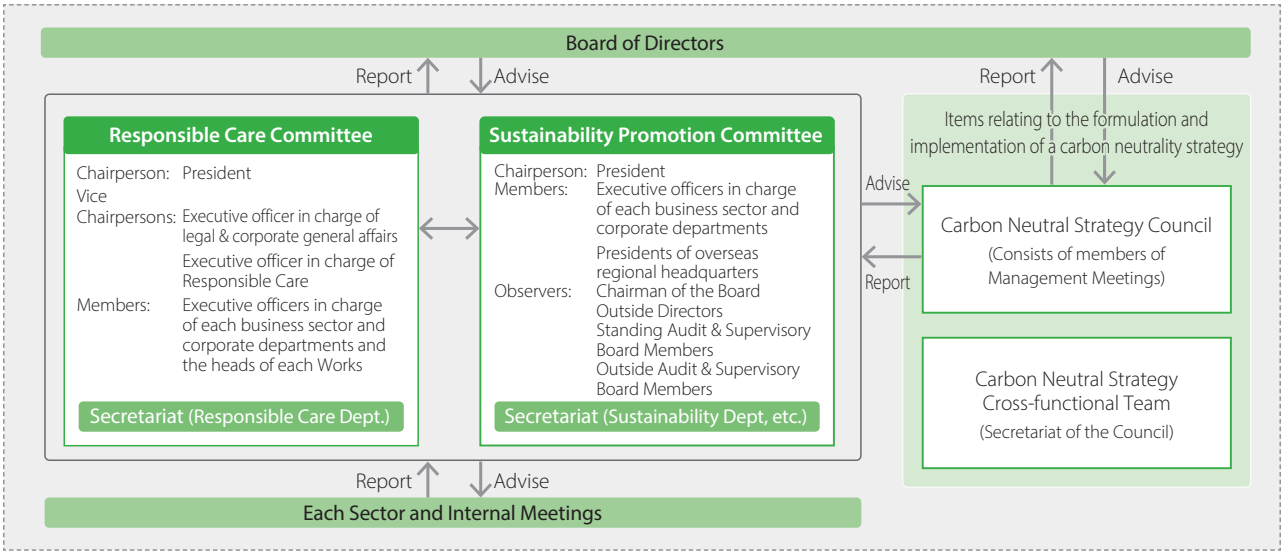
Sumitomo Chemical expressed its support for the TCFD recommendations when they were published in June 2017. In line with the four recommended disclosure items, "Governance," "Risk Management," "Strategy," and "Metrics and Targets," the Group's efforts to address climate change issues are introduced on pages 103-115.

Governance

Sumitomo Chemical has established meetings and committees to deliberate important matters related to the management of the Group from a broad and diverse perspective in order to enhance its business execution and supervisory functions. Through these meetings and committees, the Company reports to the Board of Directors on issues related to the promotion of sustainability, including climate change.

Management Meetings	Deliberation of important matters such as management strategies and capital investments, including agenda items and report items related to climate change response
Sustainability Promotion Committee	Deliberations on important matters related to sustainability promotion
Responsible Care Committee	Formulation of annual policies, mid-term plans, and specific measures to address climate change, as well as analysis and evaluation of performance
Carbon Neutral Strategy Council	Deliberation and promotion of the grand design for achieving carbon neutrality by 2050

■ Structures for Responding to Climate Change



A wide range of specific issues related to energy and greenhouse gases (GHGs) are taken up for detailed discussion at Company-wide Science Based Targets (SBTs) GM Meetings, SBT Promotion Working Groups, Company-wide Energy Manager Meetings, Department Liaison Meetings on Global Warming, Group Company Information Exchange Meetings, and other gatherings. Through the establishment of these various meetings, we have created a system capable of steadily and swiftly sharing important information in addition to managing energy and GHGs for Works, research laboratories, business sectors, and Group companies.

Meeting	Coordinator	Members	Content
Company-wide SBTs GM Meeting	Executive officer responsible for Responsible Care	General managers in charge of SBTs at individual worksites	Discussing various measures aimed at achieving SBTs
SBT Promotion Working Group	Process & Production Technology & Safety Planning Department general manager	Corporate Planning Office, Research Planning and Coordination Department, Process & Production Technology & Safety Planning Department, Responsible Care Department, and Environmental Burden Reduction Technology Development Group	Proposing various multi-faceted measures to achieve SBTs
Company-wide Energy Manager Meeting	Responsible Care general manager	Section managers in charge of Energy and GHGs at their worksites	Sharing and spreading information on initiatives at each worksite
Department Liaison Meeting on Global Warming	Responsible Care general manager	Section managers in charge of climate change action at the departmental and corporate levels	Sharing Company-wide policies and ESG issues
Group Company Information Exchange Meeting	Executive officer responsible for Responsible Care	Managers in charge of climate change action for Group companies	Sharing Group policies and issues and promoting best practices

Climate Change Mitigation and Adaptation

Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding our system relating to risk management so that we can promptly and properly address risks when they emerge.

Climate change issues are positioned as one of the Group's major medium- to long-term risks through, for example, an assessment from the perspective of the likelihood of their occurrence and impact, and are integrated into the Group's overall risk management process.

Specific Procedures

Each organization, including Group companies in Japan and overseas, conducts risk evaluations from the perspectives of probability of emergence (frequency) and financial impact in the event of emergence. The Internal Control Committee, which is chaired by the President, deliberates and identifies Company-wide material risks that need Group-wide initiatives, which may later be approved. The seriousness of each risk is determined by multiplying the probability of the individual risk by the financial or strategic impact on the Group's businesses.

Based on these processes, we have identified climate change-related risks and opportunities as detailed in the following table.

■ Risks and Opportunities

Risks

Transition risks
- Increases in tax burden due to the introduction and increase of carbon prices
- Increases in manufacturing costs associated with the increase in energy taxes
- Higher logistics costs due to higher energy prices

Physical risks
- Damage to production facilities due to intensified climate disasters caused by temperature rise
- Decline in sales of related businesses due to changes in crop cultivation in various regions worldwide amid abnormal weather

Opportunities
- Increasing demand for products that contribute to reducing greenhouse gas (GHG) emissions
- Increasing demand for products that adapt to the impacts of climate change
- Growing market for low-carbon processes
- Development of new businesses in the area of climate change measures through research and development and digital innovation

Responding to Risk
- Initiatives Aimed at Achieving Carbon Neutrality
  - Adoption of the internal carbon price system to enhance energy saving and promote investment in reducing of GHG emissions
  - Switching to renewable energy
  - Switching fuel to LNG
  - Collaboration with partners to ensure a stable supply of clean ammonia
  - Calling on major suppliers to set GHG emission reduction targets
- Strengthening measures against wind and flood damage at production sites

Initiatives for Seizing Opportunities
- Expansion of sales of products that contribute to reducing GHG emissions
- Development of plastic recycling technologies
- Development of products that contribute to carbon-negative goals
- Promotion of licenses for GHG reduction technology
- Expansion of sales of products that contribute to adapting to the impacts of climate change
- Acquisition of investment capital through information disclosure

P.73 Risk Management

Climate Change Mitigation and Adaptation

Strategy

In December 2021, Sumitomo Chemical formulated a grand design for achieving carbon neutrality by 2050. We will promote efforts to mitigate climate change from the perspectives of both "Obligation" (to bring the Group's GHG emissions close to zero) and "Contribution" (to reduce global GHG emissions through the Group's products and technologies).

In addition, as part of our efforts to adapt to climate change, we are striving to provide solutions adapted to global environmental changes, in such areas as agriculture and infectious diseases, and to strengthen new product development.

Investments to Achieve Carbon Neutrality

Starting in FY2019, in order to contribute to the realization of carbon neutrality for society as a whole, we calculate economic indicators reflecting internal carbon pricing (10,000 yen per ton) when GHG emissions are expected to increase or decrease for individual investment projects, and make investment decisions.

Investment Scale

We expect to invest a total of approximately 200 billion yen between FY2013 and FY2030 in carbon neutral-related investments.

Scenario Analysis

Scenario analysis, with regard to climate change, is a method in which we consider multiple scenarios, predict the impact of climate change and changes in the business environment due to long-term policy trends, and study the potential impact of these changes on our business and management. Currently, Sumitomo Chemical analyzes risks and opportunities with respect to both a scenario in which a variety of measures are taken to limit average global temperature increase to 1.5°C above the pre-industrial revolution levels, and a scenario in which countermeasures are not taken and temperatures increase by 4°C, evaluating the impacts of the two scenarios on our businesses and future actions that need to be taken.

Climate Change Mitigation and Adaptation

Summary of the Scenario Analysis

● In blue: positive impact ● In red: negative impact

Scenario	Risks and Opportunities	Anticipated Situation (Example)	Impact Assessment	Action
Common for All Scenarios*1	Increasing Demands for Disclosure of Information	● Expansion of ESG investment ● Increased demands for disclosure of the results of life cycle assessment ● Legalization of disclosure of climate change-related information, and introduction of new environmental accounting standards	● Increased opportunity to get access to ESG investment capital by enhancing information disclosure ● Improved rating in stakeholder assessments with regard to the disclosure of the amount of GHG emissions reduction calculated by life cycle assessment ● Increased cost of compliance	● Formulate and release our Grand Design for achieving carbon neutrality ● Disclose the amount of avoided GHG emissions (Science-Based Contributions) ● Develop a carbon footprint calculation tool (CFP TOMO™) and provide it to other companies for free ● Respond to trends in regulations and movements by related institutions
1.5°C Scenario (Reduced GHG Emissions)	Increased Demand for Products and Technologies Contributing to the Mitigation of Climate Change	● Increasing investment and growing market for products and technologies contributing to the reduction of GHG emissions and for products and technologies related to recycling Examples • Growing markets for EVs and fuel cell vehicles (2020 to 2050) • Growing markets for components and materials for high-efficiency communication, due to change in consumer behavior (including expansion of the sharing economy and more efficient logistics with the use of IT) • Shift to low-carbon energy sources • Expansion of CCUS*2 (2030 onward) • Expansion of the circular economy, with the aim of reducing GHG emissions derived from fossil fuels (2020 to 2050) • Growing markets for energy-saving homes and building materials	● Increased demand for SSS*3-designated products ● Increasing need for technological development for future SSS-designated products Examples • Components and materials for EVs and fuel cell vehicles • Increased sophistication in IT devices, demand for electronic components necessary to reduce energy consumption, demand for related products and technologies necessary for distributed power systems and semiconductor control devices • Technology that contributes to reducing GHG emissions • Products and technologies for CO_2 recovery, on the back of the expansion of CCUS • Carbon negative technologies • Recycling-related products and technologies • Biologically derived products and technologies • Energy-saving construction materials, such as heat-storing materials	● Enhance development and production systems for products such as lightweight materials, battery materials, and materials for optical products and electronic components ● Develop a process for recycling lithium-ion batteries ● Enhance development and production systems for materials for next-generation power devices and high-efficiency communications ● Promote licensing of technologies that contribute to reducing GHG emissions (for example: the hydrochloric acid oxidation process and the propylene oxide-only process) ● Develop technologies relating to CO_2 recovery ● Develop products that contribute to negative carbon emissions (for example: agricultural materials utilizing fungi, resins produced from microbes) ● Develop plastic recycling technology and build a recycling chain in cooperation with waste management companies ● Develop technology for biologically derived products ● Develop technology for and expand sales of heat storage material products ● Promote the utilization of CO_2-free hydrogen and ammonia
	Increased Regulation on GHG Emissions	● Higher carbon prices (in developed countries, USD 140/ton for 2030, USD 250/ton for 2050)*4	● Increased operational costs due to higher energy taxes including carbon prices (Assuming volume of GHG emissions in fiscal 2050 is about 6.58 million tons/year (Scope 1+2), the same level as in fiscal 2022, and a carbon price between 19,000–34,000 yen per ton of CO_2, our expense burden will increase by about 130–220 billion yen per year.)	● Consider carbon-neutral petrochemical complexes and ports ● Switch to highly efficient equipment by actively utilizing government subsidies ● Switch to renewable energy ● Switch fuel to LNG ● Rationalization research for manufacturing processes ● Develop technologies to capture, separate, and utilize GHG, and deploy them in society ● Promote the deployment of GHG emission removal equipment ● Collaborate with other companies to secure a stable supply of clean ammonia
		● Stronger requirements for GHG emissions reductions and making energy-saving performance mandatory ● Phased abolishment of subsidies for fossil fuels (in India and Southeast Asia, etc.) ● Accelerating transition to a circular society and increased regulation ● Increase in calls to promote use of renewable energy from customers	● Lower utilization of high-energy consumption production facilities ● Increase in utility expenses due to an increased proportion of renewable energy	
	Increased Cost of Raw Materials	● More use of resources from circular systems and progress in the transition to lower environmental impact processes ● Increased costs due to more use of recycled materials ● Increase in calls for green procurement	● More difficult to procure raw materials ● Lower profitability of the existing businesses	● Diversify raw material sources ● Evaluate the use of recycled raw materials ● Evaluate self-manufacture of raw materials with unstable supply ● Shift to a local production, local consumption model (for products where raw material procurement costs make up a relatively high proportion of the price)
4°C Scenario (Business as Usual)	Increased Demand for Products and Technologies Adaptable to Climate Change	● Growing market for crops resistant to environmental changes such as temperature rise and drought ● Spread of infectious diseases due to the impact of climate change	● Increased demand for SSS-designated products ● Increased need for technological development for future SSS-designated products Examples • Biorationals and soil amendments • Agrochemical products adaptable to the change in crop growth • Agents for prevention and treatment of infectious diseases	● Develop products such as biorationals ● Provide solutions that respond to global changes in the environment for agriculture and infectious diseases ● Enhance sales and marketing structures and new product development structures with an eye on changes in demand in targeted markets
	Intensified Climate Disasters due to Temperature Rise	● More impact on plant operations ● Rising sea level, damage from storm surges and floods, and heat waves ● Damage to farmland due to droughts and soil degradation	● Facilities located on seashores and river banks cease operations ● Decreased cost competitiveness of plants due to increased costs for measures to be prepared for disasters ● Decreased demand due to lower agricultural productivity	● Manage and respond to risks from a business continuity planning perspective ● Expand and diversify the regions in which we do business

*1 Common for all scenarios: Situations that can be expected in both the 1.5°C scenario (reduced GHG emissions) and the 4°C scenario (business as usual)
*2 CCUS: Carbon dioxide Capture, Utilization and Storage *3 Sumika Sustainable Solutions *4 Assumptions based on World Energy Outlook 2022

Climate Change Mitigation and Adaptation

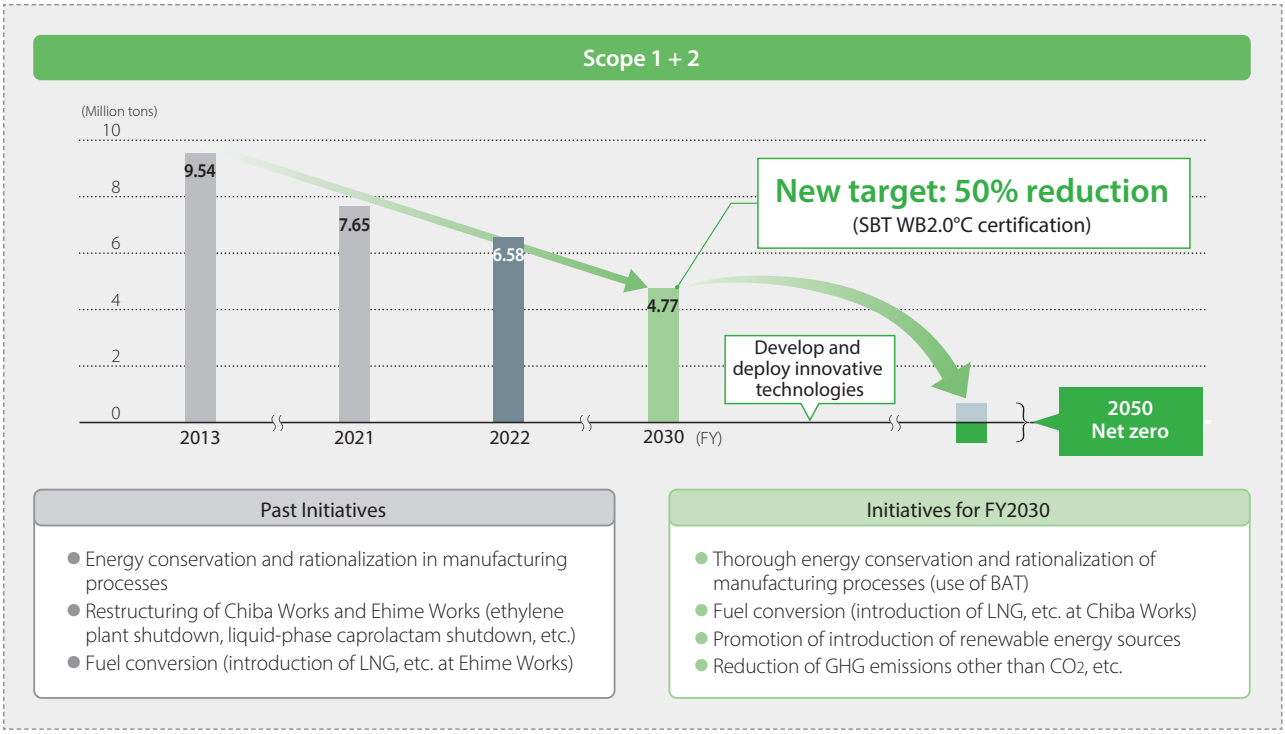
Metrics and Targets (Risk)

As a metric for climate-related risks, we are the first diversified chemical company in the world to utilize GHG emission reduction targets certified as Science Based Targets (SBT). Our Group's*1 GHG emissions (Scope 1 + 2) reduction target for 2030 is 50%*2, and has been certified under SBT's Well Below 2.0°C standard. Until 2030, we aim to achieve this goal by utilizing the best available technology (BAT) in the manufacturing process at existing plants and by making thorough energy conservation and fuel switching in the manufacturing process.

On the other hand, to reach net-zero emissions by 2050, it will be difficult to respond only with existing technologies, and innovative technologies such as carbon-negative emissions and CCUS*3 will be necessary. We will continue to study the development of them and their early implementation.

*1 Sumitomo Chemical + domestic and overseas consolidated subsidiaries
*2 Compared to FY2013
*3 Capture, effective utilization, and storage of CO_2 emitted from plants, etc.

GHG Emissions Trends and Reduction Targets (Scope 1+2)



P.21 KPIs for material issues for social value creation: Amount of Group's GHG emissions (Scope 1+2)

Climate Change Mitigation and Adaptation

★: Assured by an independent assurance provider

FY2022 Energy Consumption and Greenhouse Gas Emissions

The Group's greenhouse gas emissions for fiscal 2017 onward are calculated based on the GHG Protocol (refer to page 238 "Calculation Standards for Environmental and Social Data Indicators"). The boundary of calculation has been expanded to include principal consolidated Group companies, which account for up to 99.8% of consolidated net sales.

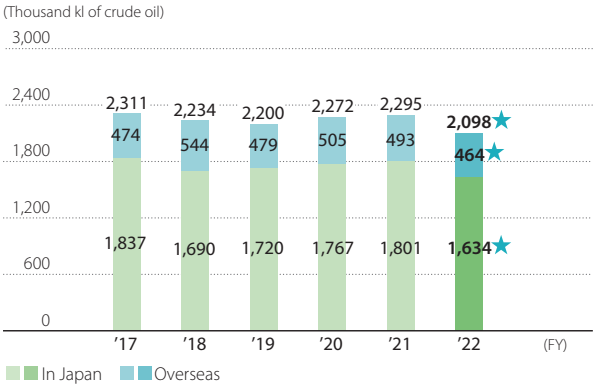
Greenhouse Gas Emissions ★

(Thousand tons of CO_2e)

	Sumitomo Chemical and Group Companies in Japan	Overseas Group Companies	Total
Scope 1	5,231	442	5,673
Scope 2	187	718	905
Total	5,418	1,161	6,578

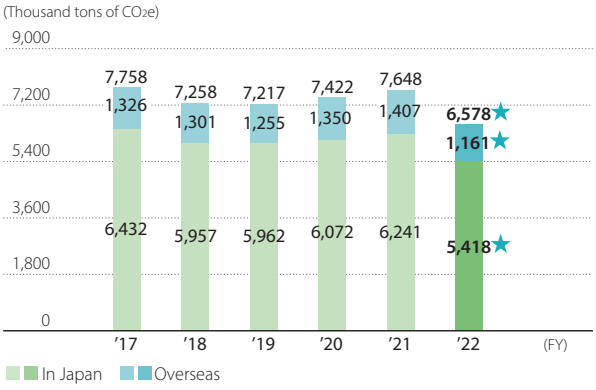
Note: Biomass-derived emissions were 50 thousand tons of CO_2e

Energy Consumption (GHG Protocol standards)



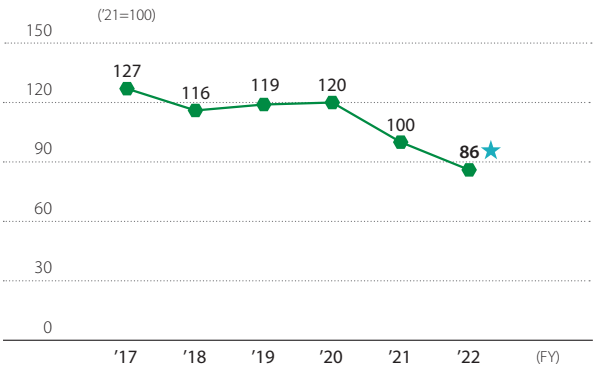
Notes: • Having adopted the GHG Protocol standards for our GHG emission disclosures, we now include the following data previously excluded from calculations: amount of energy consumed in the production of power and steam sold to external parties by Sumitomo Chemical Group. The amount of energy consumed by Sumitomo Chemical's non-production sites and the Group's non-production sites is included from fiscal 2017 and fiscal 2018, respectively.

Greenhouse Gas Emissions (GHG Protocol standards)



Notes: • Having adopted the GHG Protocol standards for our GHG emission disclosures, we now include the following data that was not included in previous calculations: CO_2 emissions from energy sold to external parties by the Group; CO_2 emissions from energy use attributable to Sumitomo Chemical's non-production sites; CO_2 emissions from non-energy sources not included in the scope of the Act on Promotion of Global Warming Countermeasures. CO_2 emissions from energy use attributable to Sumitomo Chemical's non-production sites and the Group's non-production sites is included from fiscal 2017 and fiscal 2018, respectively.

Unit Energy Consumption Index (GHG Protocol standards)



Notes: • The figures are indexed to energy consumption (GJ) per unit of sales
• The figures are indexed to fiscal 2021 at 100 because we aim to improve at least 3% over the three years of our Corporate Business Plan (FY2022–2024)

Climate Change Mitigation and Adaptation

★: Assured by an independent assurance provider

GHG Emission Reduction Targets (Scope 3)

Scope 3

Reduce GHG emissions (Scope 3: Categories 1 and 3) of major Group companies **by 14% from the FY2020 level** by FY2030 (SBT WB2.0°C certification)

Supplier Engagement Initiatives

As part of our efforts to encourage our major suppliers to reduce GHG emissions, we hold an annual supplier information exchange meeting. In 2023, we held a hybrid face-to-face and web-based meeting with 43 major suppliers in Japan to explain our efforts to reduce Scope 3 emissions and to request their cooperation in reducing GHG emissions and sharing information on reductions. In recognition of these efforts, the company has been selected as a "Supplier Engagement Leader," the highest rating in the Supplier Engagement Rating conducted by CDP, an international NGO, for four consecutive years.

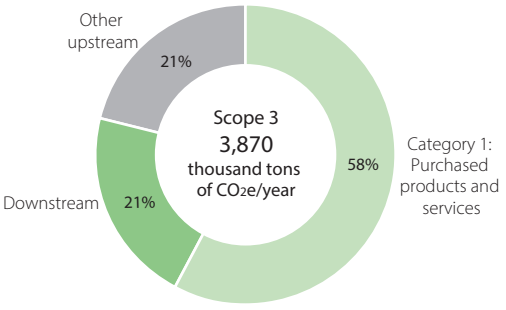
CDP SUPPLIER ENGAGEMENT LEADER 2022

Status of Scope 3 GHG Emissions

(Thousand tons of CO_2e/year)

Category	Emissions			
	FY2019	FY2020	FY2021	FY2022
1. Purchased goods and services	2,276	2,346	2,441	2,261★
2. Capital goods	151	164	141	146
3. Fuel- and energy-related activities not included in Scopes 1 and 2	581	585	559	550★
4. Upstream transportation and distribution	60	53	55	53★
5. Waste generated in operations	35	41	58	37★
6. Business travel	10	2	3	7
7. Employee commuting	11	11	9	9
8. Upstream leased assets	<1	<1	<1	<1
9. Downstream transportation and distribution	<1	<1	<1	<1
10. Processing of sold products	—	—	—	—
11. Use of sold products	40	42	45	34★
12. End-of-life treatment of sold products	879	806	788	772
13. Downstream leased assets	—	—	—	—
14. Franchises	—	—	—	—
15. Investments	—	—	—	—

Notes:
- For Scope 3 data, indirect greenhouse gas emissions from business activities throughout the supply chain are calculated separately by category and then added together.
- Calculated for Sumitomo Chemical and Group companies listed on stock indices in Japan (Sumitomo Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; and Tanaka Chemical Corporation).
- Category 4 does not include Taoka Chemical Co., Ltd., but includes Nippon A&L Inc.
- Category 11 figures are N_2O converted into CO_2

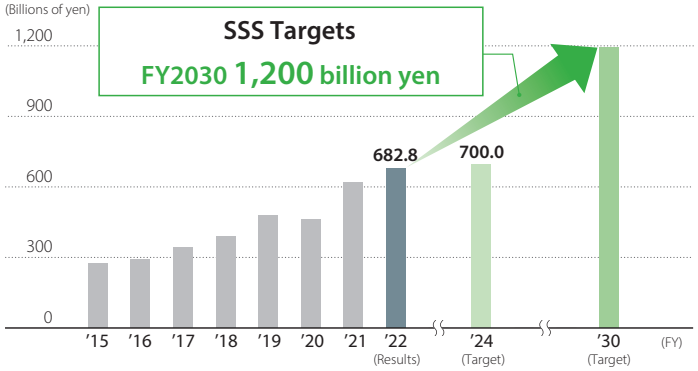


Climate Change Mitigation and Adaptation

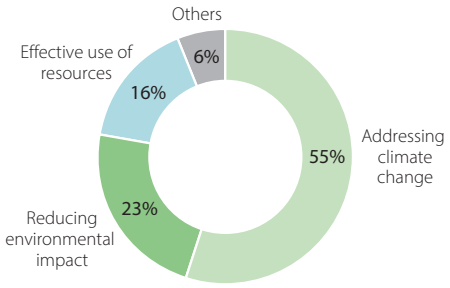
Metrics and Targets (Opportunities)

Sumika Sustainable Solutions (SSS) is used as a metric for climate-related opportunities. SSS is an initiative in which we designate those of our Group's products and technologies that contribute to the fields of addressing climate change, reducing environmental impact, and effective use of resources in order to promote their development and spread. In FY2022, sales revenue from SSS-certified products totaled 682.8 billion yen, making steady progress toward the FY2030 goal of 1.2 trillion yen.

Sumika Sustainable Solutions' Sales Revenue Targets



Percentage of products and technologies in each certified field (FY2022)



Note: Number of SSS certified products and technologies (total): 71

Quantifying avoided GHG emissions through SSS-Certified Products and Technologies

Science Based Contributions (SBC)

Avoided GHG emissions through products and technologies

In order to more clearly demonstrate the contribution of our products and technologies to carbon neutrality (CN), we have established a new indicator, Science Based Contributions. By calculating and visualizing the contribution to avoided greenhouse gas (GHG) emissions, we will accelerate our efforts to achieve CN for society as a whole through our products and technologies. The SBC quantitatively and scientifically calculates the amount of GHG reductions achieved in society through the use of SSS certified products and technologies that we have sold and provided. The figures are calculated based on the product CFP and sales volume of the subject products and the production capacity of the licensed plants, etc. The calculation method is validated by external experts. We will strive to promote understanding of the contribution of our products and technologies to society through active disclosure of information to our stakeholders using the SBC, and promote efforts to realize CN around the world.

FY2022 SBC results: 8.3 million tons

SSS Technology	Propylene oxide (PO)-only process Hydrochloric acid oxidation process	Licensees	2.7 million tons
SSS End Products	Methionine Flumioxazin, etc.	Users	5.6 million tons
SSS Materials & Components	Components for Secondary Batteries and aircraft, etc.	Users	Not applicable (under consideration)

Calculation Method

SSS are classified into the three categories of technology, end products, and materials/components, and CFP is calculated from the difference by comparing the CFP of SSS with that of technologies and products in widespread use as of 2013. (Based on single-year sales volume)

SSS Technology
- PO-only process is compared to the average of other PO manufacturing processes, such as the chlorine process, and hydrochloric acid oxidation process is compared to the salt electrolysis process.
- Calculation of reduction contribution by licensees.

SSS Products
- Methionine is compared to feed without additives. The contribution to the reduction of N_2O in poultry waste was calculated.
- Regarding the Flumioxazin, contributions to emissions reduction achieved by no-till farming in the U.S. were calculated by comparing no-till farming for soybean cultivation with the conventional farming method.

Sumika Sustainable Solutions

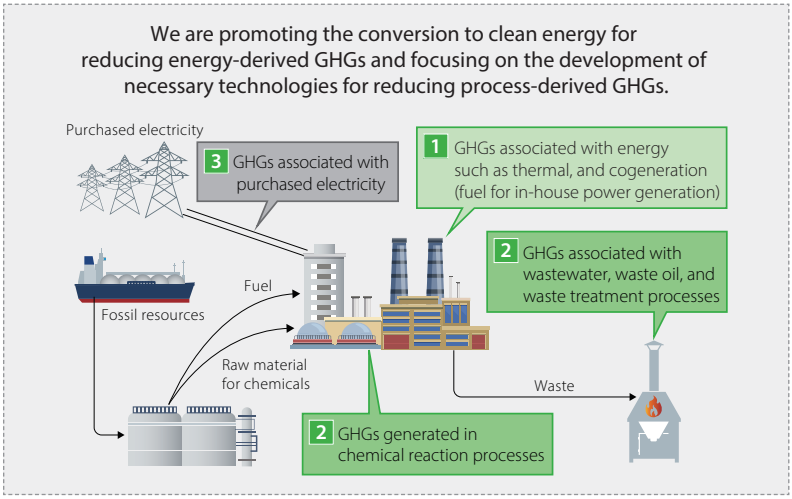
https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/sss/

Climate Change Mitigation and Adaptation

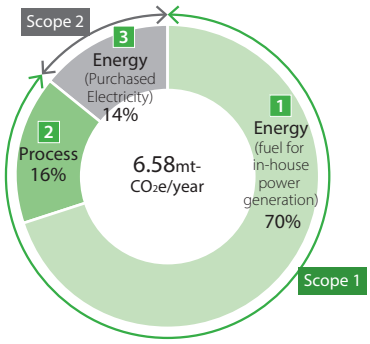
Specific Initiatives for "Obligation"

Major Sources of GHG Emissions from Chemical Plants

The chemical industry is an industry in which raw materials are converted into products through chemical reactions that are driven by electricity, heat from steam, and other forms of energy. Of our GHG emissions in FY2022, 70% came from energy sources such as in-house power generation 1, 16% came from processes resulting from chemical reactions and waste treatment 2, and 14% came from energy sources associated with purchased electricity 3. We aim to reduce GHG emissions by focusing on the conversion to clean energy for energy-derived GHGs and on the development of necessary technologies for process-derived GHGs.



■ GHG Emissions in FY2022



1 Reduction of GHG from Energy (fuel for in-house power generation): Fuel Conversion

Sumitomo Chemical is working to reduce the Group's GHG emissions as an SBT-certified company. 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 CO_2-emission fuels like coal, petroleum coke, and heavy oil to using low CO_2 emission intensity fuels like liquefied natural gas (LNG).

In March 2022, at Ehime Works, Niihama LNG Co., Ltd.* began operating the Niihama LNG Station, which supplies LNG instead of conventional coal or heavy oil. In November 2022, Sumitomo Joint Electric Power Co., Ltd. started operations of the Niihama North Gas-Fired Power Plant, a facility it constructed that uses LNG. The switchover to this power source is expected to result in a 650,000-ton annual reduction in CO_2 emissions in the near future. In addition, we plan to construct highly efficient gas turbine power generation equipment at Chiba Works that uses LNG instead of the existing petroleum coke, looking to complete construction in autumn 2023. With the construction of this equipment, we expect to reduce annual CO_2 emissions by over 240,000 tons (equivalent to around 20% of the CO_2 emitted by Chiba Works). It will also enable the supply of power to neighboring Group companies as we work hard to reduce GHG emissions across the entire Group.

* Funded by Tokyo Gas Engineering Solutions Corporation, Shikoku Electric Power Co., Inc., Shikoku Gas Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., and Sumitomo Chemical

	Ehime region	Chiba region
Fuel	Coals and heavy oil ▶ LNG	Petroleum coke ▶ LNG
Amount of CO_2 reduction	650,000 tons/year	240,000 tons/year


Niihama North Gas-Fired Power Plant

Climate Change Mitigation and Adaptation

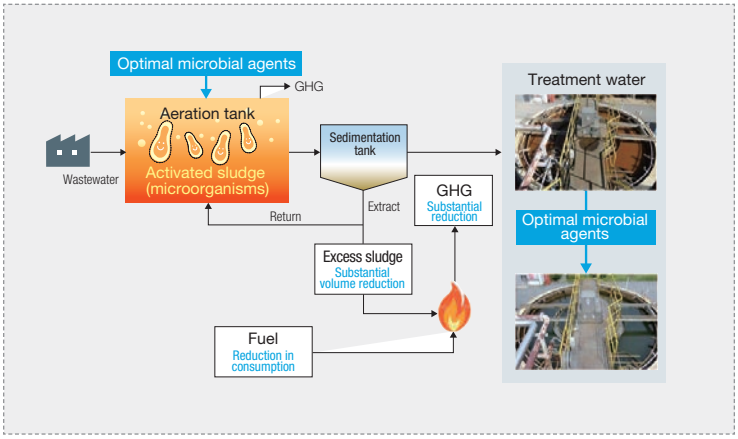
In addition, the following initiatives are being implemented with respect to the conversion from LNG to cleaner fuels.

- Focused on hydrogen and clean ammonia (blue and green), and initiated discussions with Yara, a major foreign ammonia manufacturer, regarding the possibility of its stable procurement.
- In addition, four domestic ammonia suppliers, UBE Corporation, Mitsui Chemicals, Inc., Mitsubishi Gas Chemical Company, Inc., and SUMITOMO CHEMICAL COMPANY, LIMITED have agreed to jointly start discussions to secure a stable supply of clean ammonia, and discussions are ongoing.

We will continue to study the possibility of making each power generation facility cleaner (zero GHG emissions) based on the development status of ammonia and hydrogen combustion technologies, biomass fuel market trends, and regional collaboration efforts.

2 Reduction of Process-derived GHG: Innovations in Wastewater Treatment Technology

Sumitomo Chemical is promoting biotechnological wastewater treatment. Wastewater treatment is an essential initiative to prevent water pollution and promote the recycling and reuse of water resources, but it requires a lot of energy for treatment and generates GHG when excess sludge is incinerated. To address this issue, we have improved wastewater treatment capacity while reducing the amount of sludge generated, GHG emissions associated with wastewater treatment, and fuel consumption through the use of optimal microbial agents.



3 Reduction of GHGs from Energy (purchased electricity): Use of renewable energy

From November 2021, Sumitomo Chemical's Oita Works switched its purchased electric power to 100% renewable energy-derived power, reducing GHG emissions from the Works by around 20%. In addition, at the same Works, we switched the fuel used on site from heavy oil to the low CO_2 emission intensity city gas and are working to optimize the plant operation conditions, achieving a GHG reduction of around 10%. Through these efforts, we realized a total reduction in GHG emissions of around 30% at the Works. (All percentages are in comparison with fiscal 2013.)

Initiatives Aimed at Reducing GHG Emissions at Each Worksite

Each Sumitomo Chemical worksite helps reduce GHG emissions, including in the following ways: installing the latest highly efficient equipment; introducing rationalization and energy-saving measures in production processes; switching to lower-carbon fuels and other forms of energy; 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. Information on the state of these activities is exchanged at Company-wide Energy Manager Meetings, at which representatives from each worksite gather in one location to work on reducing the GHG emissions of the Company as a whole.

Climate Change Mitigation and Adaptation

★: Assured by an independent assurance provider

State of Installing LED Lighting

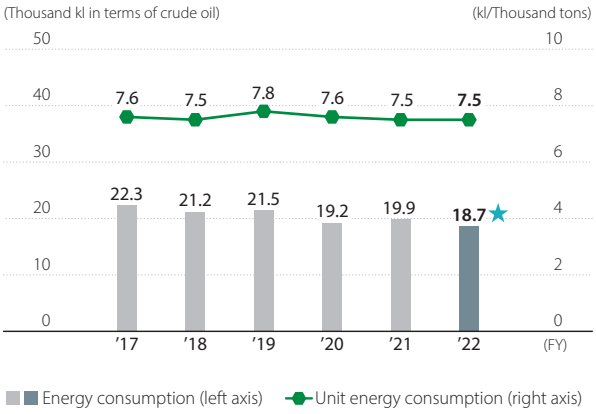
Over 50% of the lighting at all Sumitomo Chemical worksites has already been converted to LEDs, and we achieved the Japan Lighting Manufacturers Association's target of an SSL rate of 50% in 2020. Going forward, we will continue installing LEDs with the aim of achieving a 100% SSL rate in 2030 as a Company-wide initiative.

Logistics Initiatives

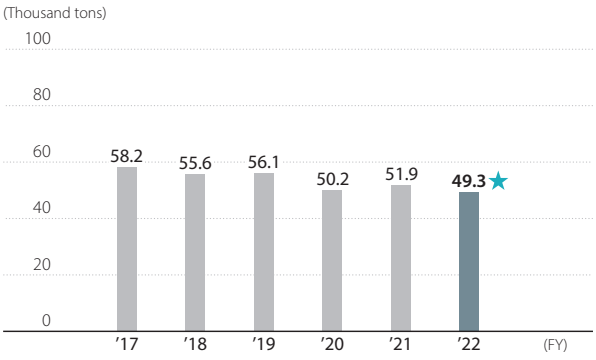
Sumitomo Chemical continues to promote modal shift, or transportation by more efficient and environmentally friendly modes, such as rail and ship instead of trucks. In fiscal 2022, the overall volume of cargo transported fell significantly compared with fiscal 2021. The rate of decrease in intercoastal transport was especially large, and the ratio of truck transport relatively higher. As a result, energy consumption (crude oil equivalent) and carbon dioxide emissions decreased, but unit energy consumption increased 1.3% overall. This was an average 0.2% deterioration over the past five years. We will continue aiming to improve unit energy consumption by our target of 1% or more.

■ Reduction of Environmental Impact in Logistics Operations (Sumitomo Chemical and a Group company in Japan)

Energy Consumption and Unit Energy Consumption



CO_2 Emissions



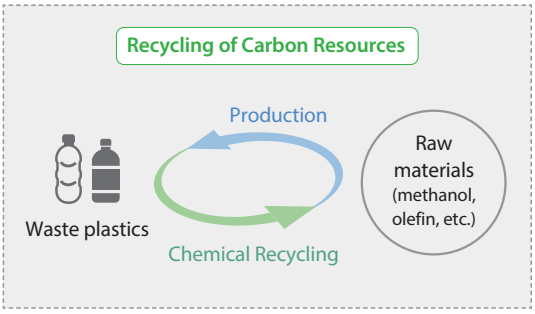
Note: Calculated for Sumitomo Chemical and a Group company in Japan (specified consigner Nippon A&L Inc.)

Specific Initiatives for "Contribution"

Establishment of Carbon Resource Recycling System

We are developing chemical recycling technologies to convert garbage and waste plastics into basic raw materials for chemicals, such as methanol, ethanol, and olefins, and to use them as raw materials for new plastics.

P.116 Contribute to Recycling Resources

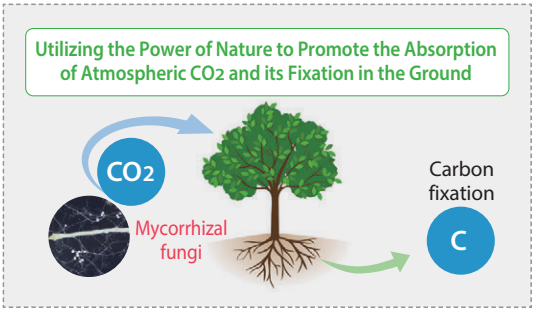


Climate Change Mitigation and Adaptation

Challenges to Carbon Negative Emissions

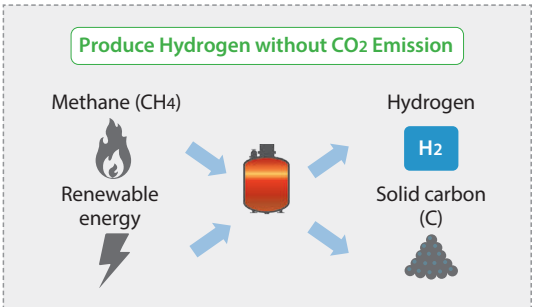
We are developing a technology whereby attaching useful microorganisms existing in soil to the roots of plants and allowing them to coexist, we not only promote the absorption of CO_2 by plants through photosynthesis, we also fix CO_2 in the ground in the form of carbon compounds. This will enable ordinary fields, forests, and other natural spaces to absorb and fix even greater amounts of CO_2, contributing a net negative amount of carbon to the atmosphere.

P.122 Sustainable Use of Natural Capital



Response to Methane Gas

The future shift to clean energy will require the availability of CO_2-free hydrogen. To address this issue, we are developing a technology to produce hydrogen from methane without CO_2 emissions. This technology will help reduce methane, a GHG, and contribute to the realization of carbon neutrality.



External Cooperation Initiatives

Dissemination efforts of Carbon Footprint of Products (CFP)* calculation tool

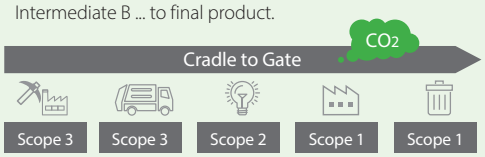
Although the evaluation of product CFP is essential to reduce GHG emissions in society, it is not easy to analyze the CFP of chemical products due to the complexity of their manufacturing processes. In response, we have developed our own automated calculation tool and calculated the CFP of approximately 20,000 products. Currently, we are expanding the scope of evaluation to Group company products. We also provide the tool free of charge to other companies, and at present, more than 70 companies are using the tool, and we have also started collaboration with the Japan Chemical Industry Association.

* Greenhouse gas emissions from each stage of the product lifecycle, from procurement of raw materials to manufacturing, use, and disposal, expressed in terms of CO_2 emissions.

Our original calculation tool speeds up the calculation of CFP for our products

Created the original automatic CFP calculation tool

- Built based on commercially available software (Microsoft Access/Excel)
- Prepared multiple calculation models accounting for the characteristics of chemical manufacturing processes (co-products, by-product fuels, steam generation, etc.) (Choose from the pull-down menu of models and execute calculation)
- Can easily calculate carbon footprint for each stage (intermediates or final product). E.g., raw material to Intermediate A to Intermediate B ... to final product.



Initiatives through Regional Collaboration

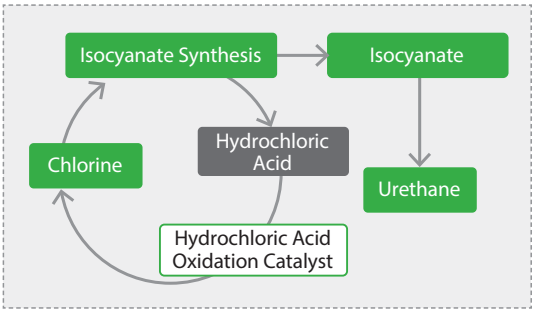
Since there are limits to what individual companies can do to achieve carbon neutrality, it is necessary to accelerate regional collaboration with external parties such as companies outside our group and government agencies. In addition to participating in the Keiyo Coastal Industrial Complex Council on Carbon Neutrality, which was established in November 2022 mainly in Chiba Prefecture, we are also studying ways to achieve carbon neutrality, such as securing biomass feedstock and recovering waste, in cooperation with Maruzen Petrochemical Co. Ltd. And Mitsui Chemicals, Inc. We are proceeding with the study about the port decarbonization plan which is currently promoted by government agencies in cooperation with the local community.

Climate Change Mitigation and Adaptation

Development of Hydrochloric Acid Oxidation Process Technology

Sumitomo Chemical has achieved a major reduction in environmental impact by recycling hydrochloric acid—a manufacturing byproduct—into a raw material through the development of technology that efficiently produces chlorine from hydrogen chloride. This technology allowed us to switch from energy-hungry conventional chlorine manufacturing to a process that uses less than one-fifteenth the energy and, over the next few years, will reduce our GHG emissions by two million tons per year (compared with electrolysis and other processes). We received the Grand Prize at the 54th JCIA Technology Awards (May 2022) for this technology from the Japan Chemical Industry Association (JCIA) for enabling the development and commercialization of a low-environmental impact process for manufacturing chlorine using hydrogen chloride (HCl).

■ Hydrochloric Acid Oxidation Process



JCIA Responsible Care Award

Sumitomo Chemical received the Grand Award at the 17th JCIA Responsible Care Awards from the Japan Chemical Industry Association. This year's theme at the awards was contributing to carbon neutrality for society as a whole. The Company was lauded for its efforts to assess and reduce greenhouse gas (GHG) emissions with business partners and industry groups with the aim of realizing carbon neutrality for society as a whole. Examples include quickly working to calculate Scope 3 emissions, which is important for reducing supply chain emissions,*1 and providing a proprietary system for calculating Carbon Footprint of Product*2 to the public for free.

*1 The volume of emissions totaling all emissions related to business activities, not just the operator's own emissions. (Scope 1 emissions + Scope 2 emissions + Scope 3 emissions)
Scope 1: Direct emissions of GHGs from operators themselves (fuel combustion, industrial processes)
Scope 2: Indirect emissions arising from the purchase of electric power and heat from outside the plant
Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions from other companies related to business activities)
*2 CFP: The CO_2 equivalent of GHG emissions from each stage of the product lifecycle, from the procurement of raw materials to manufacture, use, and disposal

Looking Ahead

In line with the Grand Design aimed at achieving carbon neutrality by 2050, which was released in December 2021, Sumitomo Chemical will leverage the technological capabilities and insights it has cultivated as a diversified chemical company to continue promoting initiatives to "fulfill its obligation" to realize zero Group GHG emissions and to "contribute" to the promotion of carbon neutrality throughout society via Group products and technologies.

Going forward, under Sumitomo Chemical's Business Philosophy of "working to contribute to society through our business activities," we will continue actively working to solve climate change problems and achieve carbon neutrality.

Contribute to Recycling Resources

Resource Saving and Waste Reduction

Basic Stance

Our lives are based on limited resources. For the sustainable use of resources, we need to reduce the consumption of natural resources while at the same time circulating those we already have. Sumitomo Chemical is working on waste management and the effective use of resources at our offices and works.

Management System

The President serves as the chief coordinator and the executive officer in charge of Responsible Care serves as the coordinator of the Environment and Climate Change Action Group of the Responsible Care Department. This group is responsible for matters related to environmental protection for the Company as a whole and supports the environmental protection activities of Group companies.

Our worksites (head offices, Works, research laboratories, etc.) have established sections in charge of environmental protection operations, appointed coordinators and managers, and execute specific duties. Regarding the execution of duties, the corporate department (Responsible Care Department) formulates Company-wide annual policies and Company-wide medium-term (three-year) policies. Then each worksite, in light of these policies and in consideration of its own characteristics and regional situation, formulates an action policy and undertakes specific activities from the new fiscal year.

Regarding amendments to laws and regulations, the Responsible Care Department vigilantly pays attention to trends related to the enactment and amendment of environmental laws and, as appropriate, provides feedback through national specialized committees and other organizations. All people addressing the problems also establish targets (details of the amendments, possible impacts, visualization of countermeasures, etc.) and commit the Company to addressing the issue being targeted.

Furthermore, with regard to amendments that have a large impact on business, we access the necessary information in advance and notify worksites to prepare for meeting compliance requirements.

P.89 Organization of Responsible Care

Examples of Initiatives

We are systematically working to reduce the amount of exhaustible raw materials used, quickly and properly dispose of PCB waste, and reduce the amount of industrial waste sent to landfills. Furthermore, we are setting targets related to recycling industrial and plastic waste and are promoting resource recycling initiatives.

Promoting Resource Saving

We are striving to enhance the economic benefits gained from resource saving activities, such as improving the throughput yield of exhaustible raw materials and product yield.

■ Exhaustible Raw Material Use (Sumitomo Chemical and Group Companies in Japan)

(Thousand tons)

	FY2020		FY2021		FY2022	
	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical
Hydrocarbon compounds	1,704	1,449	1,713	1,429	1,684	1,421
Metals (excluding minor metals)	90.2	86.3	115	111	104	100
Minor metals	12.5	0.1	17.4	0.03	16.2	0.07

Note: Economic effects are detailed in the supplementary data (page 138)

Contribute to Recycling Resources

Thoroughly Managing Waste and Promoting Increased Recycling Internally and Externally

We have achieved a major reduction in industrial landfill waste by reducing the amount of industrial waste generated and promoting recycling. In addition, as a specified resource industry identified by the Act on Promotion of Effective Use of Resources, we are also working to reduce the generation of industrial byproducts (sludge). Furthermore, we are setting new targets related to recycling industrial and plastic waste from fiscal 2021 and are promoting resource recycling initiatives at each worksite and Group company.

Moving up the Schedule for the Treatment of Waste with Minute Amounts of PCBs before Legal Disposal Deadline Set by the PCB Special Measures Law

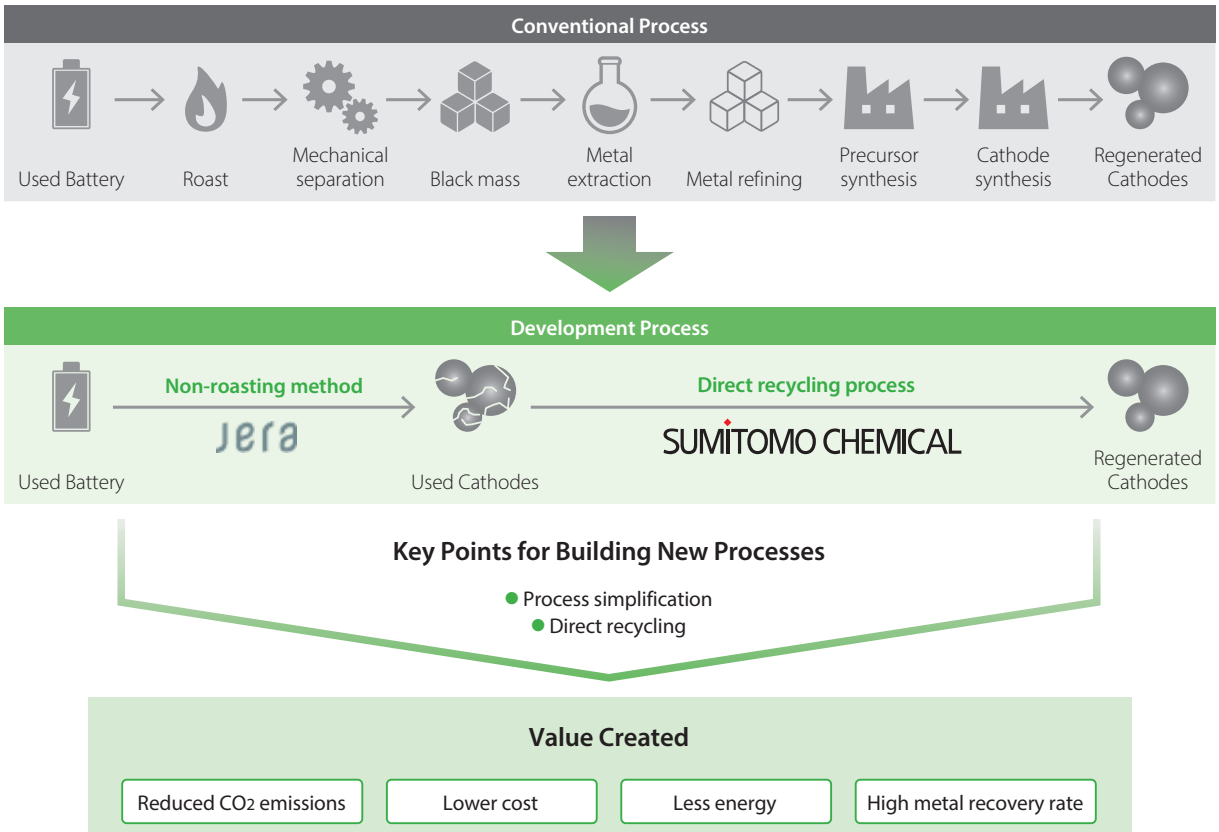
We winnowed the external operators jointly contracted to dispose of waste by Group companies in Japan down to just one. Regarding the waste with minute amounts of PCBs (transformers, condensers, etc.) being stored or used by each company, we formulated and are carrying out a plan to treat the waste over multiple years. We plan to treat all applicable equipment by March 2025.

Direct Recycling Initiatives for Battery Cathode Materials

We are developing recycling technology that regenerates cathodes collected from used lithium-ion secondary batteries without returning it to metal. By simplifying the conventional process, CO_2 emissions are reduced and recycled cathode materials can be produced at low energy and cost. JERA Co., Inc. and we were selected for NEDO's* "Green Innovation Fund Project: Development of Next-Generation Storage Batteries and Next-Generation Motors". Both companies will promote development of the recycling technology and social implementation.

* New Energy and Industrial Technology Development Organization (NEDO)

■ Key Points of New Process Construction and Value Creation



Contribute to Recycling Resources

Circular System for Plastics

Basic Stance

Sumitomo Chemical has identified "contribution to recycling resources" as one of our material issues to be addressed as management priorities, and we have set the amount of recycled plastic resources used in the manufacturing process as a KPI for this purpose.

We are working to replace 200k tons/year of plastic used in our manufacturing process with recycled resources by 2030.

Sumitomo Chemical Group Basic Policy Towards a Circular System for Plastics

Recognizing that plastic is a useful material supporting a sustainable society, the Sumitomo Chemical Group is committed to work towards building a circular system for plastics and resolving plastic waste problems in accordance with its Basic Principles for Promoting Sustainability and the following policy:

1. The Group contributes to resolving plastic waste problems through its business, particularly by providing technologies, products and services that leverage the power of chemistry.
2. The Group focuses on innovation regarding 3Rs—reduction, reuse and recycling—of plastics and works to accelerate the adoption of new solutions by society, while also considering an impact on actions against climate change issues.
3. The Group takes on challenges difficult to resolve alone, such as marine plastic problems, by working with various stakeholders through alliances and open innovation partnerships.
4. The Group provides its employees with education and awareness-raising programs based on sound science, while also engaging in social actions, such as initiatives for promoting waste sorting and collection and riverside and beach cleaning campaigns, to ensure that every one of its employees has a sense of ownership and can change their actions as needed to address plastic waste problems.
5. The Group constantly reviews progress and works to enhance and improve its efforts by the Plan-Do-Check-Act (PDCA) cycle method.

(Formulated June 2020)

Management System

To promote R&D related to chemical recycling, in 2020 we established research groups that deal with technologies to reduce environmental impact at the Petrochemicals Research Laboratory (currently the Essential Chemicals Research Laboratory).

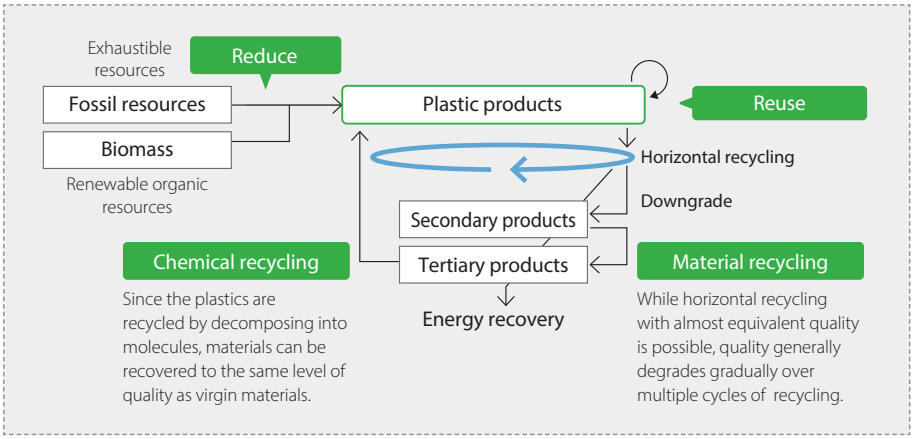
In pursuit of more practical, socially beneficial applications of this research, we are working to cultivate the market for plastic products made possible by securing and recycling plastic waste, especially through the Business Development Office for a Circular System for Plastics, which was established in 2021.

Contribute to Recycling Resources

Examples of Initiatives

Toward a circular system for plastics, it is important to make an effort to reduce, reuse, and recycle (material recycling and chemical recycling) at each stage of the plastic value chain.

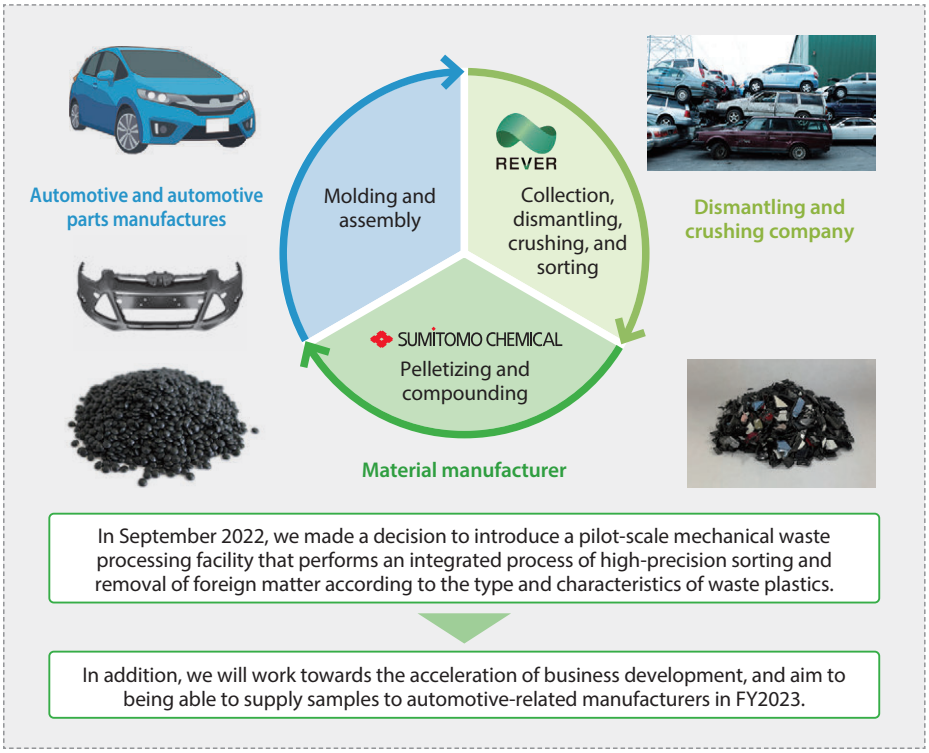
■ Overall Picture of Circular System for Plastics



Material Recycling

As one of our material recycling initiatives, Sumitomo Chemical and REVER CORPORARION have concluded a business alliance agreement for material recycling of waste plastics derived from end-of-life vehicles. Through this alliance, the two companies will work to build a circular system for recycling waste plastics that includes the whole process, from collection to sorting to recycling into useful plastic resources, and to accelerate business development for plastic recycling.

■ Circular System



Contribute to Recycling Resources

Chemical Recycling

Sumitomo Chemical promotes development of chemical recycling technologies through multiple routes in parallel, by combining our catalyst design and chemical process design technologies, in collaboration with external parties. Utilization of these technologies will reduce fossil resource use and plastic waste emissions, as well as GHG emissions from plastic waste incineration.

Chemical Recycling System for Acrylic Resin

Sumitomo Chemical has jointly developed with The Japan Steel Works, Ltd. a technology for pyrolyzing acrylic resin and recycling it, with high efficiency, into MMA monomer, which is a raw material for acrylic resin (polymethyl methacrylate or PMMA). We have built the new pilot facility at Ehime Works and aim to supply samples in the fall of FY2023.

Note: PMMA made from recycled monomers reduces GHG emissions throughout the product lifecycle compared to products derived from fossil resources.

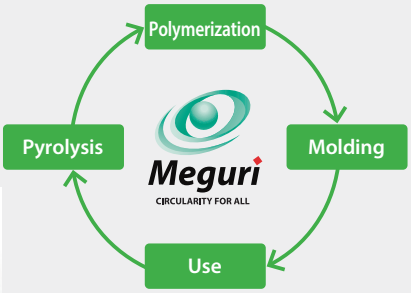
■ System for PMMA Chemical Recycling


MMA monomer


Acrylic resin


PMMA Waste


Molded article




PMMA Chemical Recycling Pilot Facility

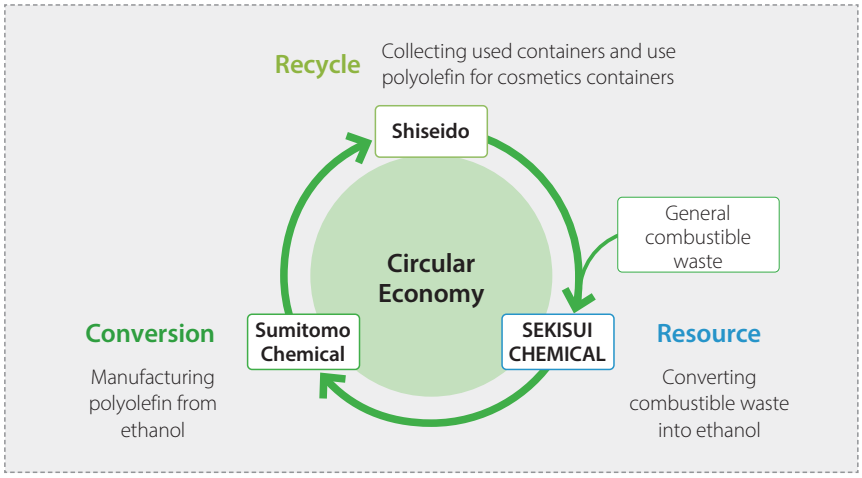

Molded product samples made from chemically recycled MMA monomer

Started Sample Production of Ethanol-Based Ethylene for Environmentally-Sustainable Polyolefin

Sumitomo Chemical completed the construction at its Chiba Works of a pilot facility to manufacture ethylene using renewable ethanol as a raw material, ethanol produced from waste by SEKISUI CHEMICAL CO., LTD. (SEKISUI CHEMICAL), and bio-ethanol derived from biomass, such as sugarcane and corn, and started manufacturing samples to develop the market, with the aim of contributing to creating a circular economy. We aim to commercialize ethanol-based polyolefin in FY2025 as an example of our efforts to build a new recycling model for plastic cosmetic containers through collaboration among the three companies, SHISEIDO CO., LTD. (SHISEIDO) and SEKISUI CHEMICAL.


Pilot facility to produce ethylene from renewable ethanol

■ Circular Economy Image of Initiatives



Contribute to Recycling Resources

Reduction of Plastic Used in Product Packaging and Use of Recycled Materials

With regard to feasible cases, including products, raw materials, production sites and other materials, Sumitomo Chemical Garden Products Inc. is working as swiftly as possible to adopt materials that reduce environmental burden and aims to switch over to 100% environmentally friendly products by 2030.

Soft packaging

The company is contributing to the reduction of the use of plastic.

Recyclable materials

The company is using recyclable PET.

The company is acting as a registered member of Plastics Smart (use and reduce plastic containers).

Plastics Smart

Initiatives of Sumitomo Chemical Garden Products for sustainability (Japanese only)

https://www.sc-engei.co.jp/sustainability/initiatives.html

Looking Ahead

Sumitomo Chemical identified contributing to recycling resources as a material issue to be addressed as management priorities. Going forward, to achieve greater progress, we will continue to further promote initiatives aimed at developing resource recycling technology and promoting practical, socially beneficial applications by leveraging the technological capabilities and insights we have cultivated as a diversified chemical company.

Sustainable Use of Natural Capital

Basic Stance

Sumitomo Chemical has been conducting its business using various types of natural capital such as water and soil, and the entire Group has been implementing various initiatives for the sustainable use of natural capital. Now that the Kunming-Montreal Global Biodiversity Framework was adopted at COP15 in December 2022, and the so-called Nature Positive direction was outlined in the framework, which aims to halt, reverse and put biodiversity loss on a recovery track by 2030, we recognize that biodiversity conservation and sustainable use of natural capital are again material issues and we will make further initiatives.

We are considering and promoting initiatives to realize Nature Positive from the perspectives of both obligation and contribution.

Obligation

- Works to reduce GHG emissions to near zero
- Reduction of chemical substance emissions
- Reduction of waste
- Effective use of water resources
- Promotion of sustainable procurement initiatives, etc.

Contribution

- Through products and technologies
  - – Reduction of global GHG emissions
  - –Improvement of soil environment
  - –Improvement of water environment
- Nature conservation activities (30 by 30 initiatives), etc.

Management System

Regarding the management system for the sustainable use of natural capital, please refer to Management System for Resource Saving and Waste Reduction (p.116).

P.116 **Contribute to Recycling Resources:** Management System

Sustainable Use of Natural Capital

★: Assured by an independent assurance provider

Goals and Results

The Sumitomo Chemical Group has established key environmental protection items as Common Targets. By following up on the results of each Group company, we are working to reduce our environmental impact in a systematic way.

P.101 Sustainable Use of Natural Capital

Environmental Performance

Sumitomo Chemical collects and totals environmental data for the Company and Group companies in Japan, including data on energy and resource consumption, production quantities, and environmental impact (e.g., release of pollutants into the air and water).

PP.134–136 FY2020–2022 Environmental Performance

■ FY2022 Primary Environmental Performance (Sumitomo Chemical and Group companies in Japan)

Figures in black: Sumitomo Chemical and Group companies in Japan
Figures in green: Sumitomo Chemical

INPUT Energy and Resources

Water ★

(Million tons)

Industrial water	69.5	66.5
Drinking water, etc.	0.8	0.5
Seawater	763	187
Groundwater	26.3	23.8
Other water	2.5	2.5

Energy ★
Calculated as kl of crude oil

(Thousand kl)

Fuel, heat, and electricity*1	1,634	1,014

Exhaustible Resources

(Thousand tons)

Hydrocarbon compounds	1,684	1,421
Metals (excluding minor metals)*2	104	100
Minor metals*3	16.2	0.07

PCB/CFCs under Secure Storage

No. of electrical devices containing high concentrations of PCBs*4	0 units	0 units
PCB volume*4	0 kl	0 kl
No. of refrigeration units using specified CFCs as a coolant	20 units	8 units
No. of refrigeration units using HCFCs as a coolant	277 units	84 units

OUTPUT Product Manufacturing and Environmental Impact

Products ★

(Thousand tons)

(Calculated on the basis of ethylene production)*5	2,413	1,353

Water Pollutant Emissions ★

(Tons)

COD	Coastal waters/waterways	825	775
	Sewer systems	175	101
Phosphorus	Coastal waters/waterways	32.0	30.2
	Sewer systems	6.1	5.3
Nitrogen	Coastal waters/waterways	1,236	1,170
	Sewer systems	47.8	25.1
Substances subject to the PRTR Act		13.3	10.9

Waste Materials ★

(Thousand tons)

Waste emissions*6	232	55.4
Landfill*6	21.9	1.8
(Breakdown)		
On-site landfill	0	0
External landfill	21.9	1.8

Atmospheric Emissions ★

(Thousand tons of CO_2e)

Greenhouse gases (seven gases)*1	5,418	3,321
CO_2 emissions from energy use	4,639	2,702
CO_2 emissions from other than energy use	633	593
CH_4	6	1
N_2O	137	22
HFC, PFC SF_6, NF_3	3	3

(Tons)

Others		
NOx	3,783	1,743
SOx	3,098	553
Soot and dust	167	100
Substances subject to the PRTR Act	404	236

*1 The energy (calculated as kl of crude oil) and greenhouse gas (all seven gases) indices were calculated based on the GHG Protocol (refer to page 238 "Calculation Standards for Environmental and Social Data Indicators") for principal consolidated Group companies in Japan, which account for up to 99.8% of consolidated net sales.
• Having adopted the GHG Protocol standards for our GHG emission disclosures, we now include the following data that was not included in previous calculations: amount of energy used to produce electricity and steam sold to external parties by the Group and the resultant CO_2 emissions; amount of energy used by Sumitomo Chemical and Group companies in Japan non-production sites and the resultant CO_2 emissions; CO_2 emissions from non-energy sources not included in the scope of the Act on Promotion of Global Warming Countermeasures.

*2 Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.

*3 Calculations include the following seven minor metals: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium. The supply structure for each of these minor metals is extremely fragile. These minor metals are subject to national stockpiling.

*4 Fluorescent lamps and mercury lamp ballast as well as contaminated substances (wastepaper, etc.), including PCB waste, are not included in unit and volume data.

*5 Certain assumptions were made in calculations due to the difficulty of obtaining weight-based figures for some products.

*6 The amount of coal ash generated at Sumitomo Joint Electric Power, which is included in "Waste emissions" and "Landfill" (Sumitomo Chemical and Group companies in Japan) is calculated on a dry-weight basis.

Sustainable Use of Natural Capital

Examples of Initiatives for "Obligation"

Each Group company and worksite sets targets in such fields as biodiversity preservation, atmospheric environment protection, effective water resource usage, sustainable soil usage, and appropriate chemical substance management. They are striving to enhance measures aimed at achieving the targets.

Biodiversity Preservation Initiatives

Working to preserve biodiversity is one of Sumitomo Chemical's most important pillars as it strives toward building a sustainable society. Since formulating Sumitomo Chemical's Commitment to the Conservation of Biodiversity, Sumitomo Chemical has strengthened its initiatives, including setting ISO 14001 activity goals for biodiversity preservation aligned with the Commitment at All worksites. The Company has been actively participating in a private-sector biodiversity partnership and promoting initiatives through business while giving considerable thought to what we should be mindful of as a chemical company.

(Japanese only)

Sumitomo Chemical's Commitment to the Conservation of Biodiversity

1. We position the conservation of biodiversity as one of our most important management issues and strive to help protect the global environment.
2. We work to continuously reduce environmental impact in our production operations and our development and supply of products and services and in cooperation with third parties in the supply chain and thereby contribute to the conservation of biodiversity.
3. By regularly implementing education programs, we ensure that employees fully recognize and understand the importance of biodiversity and promote our commitment to its conservation.
4. We continuously engage in corporate social responsibility activities that contribute to environmental protection and lead to greater trust and confidence from society.
5. We disclose the results of these efforts and maintain effective communication with the general public.

Sumitomo Chemical's Biodiversity Preservation Initiatives

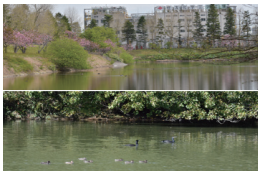
1. Reducing our environmental burden	2. Encouragement of conservation of environments where organisms live	3. Mainstreaming initiatives and alliances with stakeholders	4. Preventing climate change and effectively using resources
Considering the environment in business activities • Surveying benthic river organisms • Monitoring emitted water and gas, installing autonomous measuring equipment, and combatting odors through activated sludge treatment and activated carbon absorption • Undertaking environmental impact assessments at the planning stage for new plant construction and implementing countermeasures • Promoting the 3Rs and managing waste • Undertaking proper management of chemical substances • Complying with internal safety management regulations pertaining to the use of genetically modified organisms	**Improving the scenery and upgrading of environments where organisms live** • Conserving reservoirs and using them to promote biodiversity • Promoting the greening of each worksite's premises and neighboring areas • Taking countermeasures against white smoke (To render invisible the gas emitted (white smoke) after incineration to reduce, recycle, and detoxify waste and wastewater onsite, we have installed cooling equipment to condense the vapor.), we have installed cooling equipment to condense the vapor.)	**Alliances with stakeholders** • Participating in private partnerships for biodiversity • Incorporating marine plastic waste collection initiatives into management programs based on ISO 14001 • Supporting green curtain businesses • Supporting the Osaka plastic zero declaration • Participating in volunteer cleanup activities	**Saving energy, saving resources, and reducing greenhouse gases** • Conducting energy-saving activities based on ISO 50001 • Reducing CO_2 emissions (switching fuels, installing gas cogeneration systems, etc.)
Promoting "Sumika Sustainable Solutions" • Developing and promoting products with low environmental burden			
Relevant SDG targets: 7. a, 13.3	Relevant SDG targets: 6.3, 6.6, 14.1, 15.1, 9.4, 12.2, 12.4, 12.5, 11.6	Relevant SDG targets: 13.3, 15.1, 15.2	Relevant SDG targets: 11.6, 14.1, 14.2, 15.1, 15.2

Sustainable Use of Natural Capital

● Preserving the Environment of Sakuragaike (Misawa Works)

To prevent damage from heavy rains at Misawa Works, we created a retention pond that can store 50,000 tons of water. The pond (*ike*) was named Sakuragaike because of the cherry trees (*sakura*) planted in the surrounding area. Platanus, Sakhalin fir, double cherry, Sargent's cherry and other trees have been planted along its banks. Many different wild animals live around the pond, such as foxes, racoon dogs, and serows as well as a wide variety of birds, including ducks and cormorants.

To maintain Sakuragaike, we do not use synthetic chemical insecticides or germicides and instead regularly prune the trees of withered and diseased branches every three years.


Sakuragaike


Double cherry


Left: Grey heron Right: Cormorants


Left: Rabbit Right: Bat

● Revitalizing Prairieland (Valent BioSciences LLC)

The Osage Plant of Valent BioSciences LLC, which is based in Iowa, U.S.A., is working to revitalize prairieland on its site, to this end replanting native vegetation on part of the farmland. The revitalized portion of prairie covers 1.4 hectares and supports ecosystems with native grasses, trees, and shrubs. It has become a habitat for endangered and other small creatures, including birds, butterflies and other insects, and reptiles. This initiative is being undertaken in partnership with Iowa State University, local municipalities, and local schools.

The revitalized prairieland on the Osage Plant

Protecting the Atmospheric Environment

By strengthening our measures for fixed emission sources, we are working on reducing our various environmental impacts, including emissions of soot and dust mainly from boilers and gas turbines, leaks of fluorocarbons from refrigeration equipment, emissions of mercury from industrial waste incinerators, emissions of chemicals and VOCs from manufacturing plants, and airborne asbestos from the demolition of buildings. In addition, we focus on realizing the following goals as an appropriate response to laws and regulations.

- Regarding refrigeration units using CFCs and HCFCs, we are systematically upgrading to equipment that uses low GWP HFCs or non-fluorocarbon refrigerants (Ozone Layer Protection Law). We are also steadily disposing of the fluorocarbons from refrigeration and air conditioning equipment to be thrown away. (Act for Rationalized Use and Proper Management of Fluorocarbons)
- We will remove all electronic equipment that uses PCBs (in storage or in operation) ahead of the deadline of March 2025. (Act on Special Measures against PCB Waste)

Reining in PM2.5* Emissions

We conduct detailed surveys of boilers, gas turbines, heating furnaces, dry furnaces, cracking furnaces, waste incinerators, and other such equipment, testing for emissions of VOCs and other gaseous atmospheric pollutants, soot, SOx, NOx, and hydrogen chloride, which are also the source of secondary particles and PM2.5. We strive to further reduce emissions for each source by taking measures to switch to alternative fuels.

* Particulate matter of up to 2.5 μm in diameter

P.139 Environmental Activities: Supplementary Data

Sustainable Use of Natural Capital

Responding to Fluorocarbon Emission Controls

① Initiatives to reduce leakage

We conduct twice annual fluorocarbon leakage surveys at all worksites to assess leakage amounts, identify equipment with significant leakage discovered during the assessment, and clarify the sources of leaks, then take measures to prevent recurrences. Specifically, in addition to the simple and regular inspections defined in the Act for Rationalized Use and Proper Management of Fluorocarbons, which we carry out as directed as a matter of course, we carry out more frequent inspections in order to quickly discover and minimize leakage.

HFO (R1233zd) refrigeration equipment

② Management for disposal

When disposing of equipment, to ensure fluorocarbon refrigeration equipment is properly treated, we diligently utilize disposal check sheets for Class I designated products so that there are no gaps in their management linked to fixed asset ledgers or in procedures for recovering fluorocarbons.

③ Systematic upgrades and use of green coolants

Regarding CFC and HCFC refrigeration equipment employed in production processes, we have set a target deadline for upgrading the equipment and conduct progress surveys once a year.

In addition, we are promoting a switch to green coolants at all Group companies in Japan, and Group companies in Japan and all worksites are promoting a switch to HFO refrigeration equipment.

● Upgrade Deadlines for Each Type of Equipment

- CFC equipment: Eliminate use of these units by fiscal 2025 (currently a total of 20 units held by the Group in Japan)
- HCFC equipment: Eliminate use of these units by fiscal 2045 (currently a total of 277 units held by the Group in Japan)

■ Calculated Leakage for Fluorocarbons

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Calculated leakage (tons-CO_2)	9,135	4,782	7,675	9,354	4,362	5,100	5,844

Emissions of Mercury into the Atmosphere from Waste Incinerators

We measured concentrations of mercury (both gas and particles) emitted into the atmosphere by our waste incinerators, which we own, and completed a study of the impact of these emissions. The results have confirmed that mercury is being effectively removed by emission gas removal equipment, including bag filters and scrapers installed at incinerators, and that the concentration of mercury released into the atmosphere from all of the incinerators we own is within the emission guideline value set under the Air Pollution Control Act.

Sustainable Use of Natural Capital

Effective Use of Water Resources

To maintain production at worksites and conserve nearby aquatic environments, we strive to appropriately manage wastewater, achieve more sophisticated activated sludge treatment, and promote effective water use based on water risk evaluations at each production base.

Protecting the Aquatic Environment

In addition to our initiatives aimed at reducing overall water use, we have realized thorough purification of wastewater from worksites by operating stable and sophisticated wastewater treatment facilities.

● Responding to Increasing Sophistication of Activated Sludge Treatment

At all Works, we are striving to develop management technologies for water treatment that will further reduce our environmental impact and apply these technologies to realize safe and secure wastewater treatment.

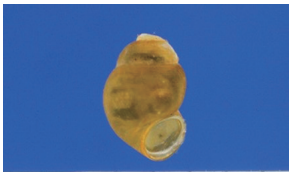
At Works, for process wastewater that is difficult to break down, which was conventionally incinerated for treatment, we have developed an activated sludge treatment utilizing microbial immobilization technology to stabilize the process water and reduce treatment costs. We are still considering applying this treatment to a wider scope of water.

P.112 Reduction of Process-derived GHG: Innovations in Wastewater Treatment Technology

● Water Area Surveys Conducted around Works (Misawa Works)

To confirm the impact of business activities on water areas, we conduct aquatic wildlife surveys of the Sabishiro River, into which process water from the Works flows.

In the Sabishiro River, we confirmed 10 species of precious aquatic benthic organisms, such as a vulnerable species of Stenothyra and the endangered species Cottus reinii. We determined that we were maintaining ecosystems with extremely good water quality.



Stenothyra

Cottus reinii

Dugesia japonica

A subspecies of *Tubifex tubifex*

● Responding to Water Quality Standards

We are strengthening our voluntary management to continually reduce the COD, nitrogen, and phosphorus in wastewater emitted into the ocean and waterways from wastewater treatment facilities. In addition, we have realized stable treated water quality by enhancing the management technologies used in our water treatment facilities. We are continually working to reduce the impact of water emissions from our plants on Tokyo Bay and other closed coastal waters where regulatory systems have been implemented to control the total water emissions of COD, nitrogen, and phosphorus.

● Promoting the Effective Use of Water

We investigate water risks related to intake, effluence and physical risk at each worksite and Group companies in Japan and overseas. We uncover various issues related to the use of fresh water on the worksite level and assess and manage the associated risks. In addition, we strive to reduce the amount of water we use by examining more effective ways to use water by application, while continuing to maintain and improve the quality of water released from our business sites into public water resources such as the ocean and waterways.

Sustainable Use of Natural Capital

★: Assured by an independent assurance provider

Water Usage (Sumitomo Chemical Group)

(Million tons)

	FY2020	FY2021	FY2022
Sumitomo Chemical Group	992	970	871
(Breakdown 1)			
Sumitomo Chemical	261	269	280★
Group companies in Japan	723	693	583★
Overseas Group companies	7.99	8.27	7.58
(Breakdown 2)			
Seawater	884	862	764
Fresh water	109	108	107

Note: Water usage volume includes seawater

Wastewater Detoxification Initiatives (Misawa Works)

Wastewater from the Misawa Works goes through general activated sludge treatment, then, after finishing tertiary treatment of activated carbon absorption and the removal of floating substances through coagulation and sedimentation, analysis equipment does quality checks and the water is released into public waterways.

Activated sludge treatment facility

Water risk assessment in areas where major production sites are located

Regarding maintaining production at production bases in the Sumitomo Chemical Group, we conduct water risk evaluations at each production base from the dual perspectives of physical water risks and water quality susceptibility risks.

● Evaluating Physical Water Risks

The Group evaluates the baseline water stress in communities where production bases are located as well as underground water stress, the severity of droughts caused by seasonal changes in the water supply, the water storage capacity of the drainage basin, projected changes in water stress, and the percentage of water resources in the drainage basin that are protected.

● Evaluating Water Quality Susceptibility Risks of Intake and Effluence

The Group evaluates susceptibility in terms of access to drinking water, water pollution, protected downstream areas, and the presence of endangered species in bodies of fresh water identified by the International Union for Conservation of Nature (IUCN).

● Initiatives in regions with declining water resources

Based on the results of water risk assessment, we are taking measures tailored to local needs.

Locate	Around Bhavnagar Plant of Sumitomo Chemical India Ltd.
Evaluate	Water resources are decreasing due to population growth, increased demand for agricultural water, and decreased precipitation.
Assess	In the event of a water supply shortage, Sumitomo Chemical India will not be able to secure sufficient water for its production activities and will not be able to maintain stable operations.
Prepare	The company purchases domestic wastewater from households, treats it in the factory using earthworm farming technology, and reuses it. This approach reduces the use of river water by more than 70% while ensuring a stable water supply for production activities.

Water treatment at the Bhavnagar plant

Effective Use and Management of Yoshioka Springs (Ehime Works)

The name of Yoshioka Springs comes from the Yoshioka family's residence and pond. To provide water to the Kawahigashi district, which had been struggling with water shortages, the springs were created in 1917 by the local residents, and a canal was completed in 1921. After passing through the ownership of several companies, Sumitomo Chemical currently manages the springs.

The supply of water from Yoshioka Springs uses height difference and does not require an outside force. This important source of water for the Company is also used in districts throughout the city for irrigation. To preserve the aquatic environment, we remove weeds and clean the springs and grounds at Ehime Works around three times a week.

Present-day Yoshioka Springs

Sustainable Use of Natural Capital

Sustainable Use of Soil

We recognize that the conservation and restoration of soil is an important initiative to ensure the sustainable use of natural capital. In addition, as specific measures in line with the Soil Contamination Countermeasures Act, we maintain careful control of the execution and management of construction plans in order to ensure appropriate responses to notifications when modifying soil types at specified facilities that use hazardous substances and an expansion of opportunities for soil contamination surveys.

● Regularly Monitoring Groundwater

We analyze the groundwater at the boundaries of our worksites to confirm that levels of hazardous materials are below those stipulated by standards.

● Preventing Soil Contamination

We have established rules regarding the construction standards and the content of regular inspections for various equipment, including the gutters, floors, plumbing, and bund walls of facilities handling chemical substances. We are working to prevent soil contamination from leaks by thoroughly complying with these rules and to prevent the dispersal of hazardous substances outside of plant premises.

Appropriate Chemical Substance Management

Regarding Class I designated chemical substances (PRTR Act) and VOCs, we conduct environmental risk analyses regardless of the amount emitted into the environment. We are also taking measures to reduce use and emissions. In addition, as a specific response to the PRTR Act, for chemical substances expected to be newly designated under the PRTR Act, we have enhanced the evaluation and management of related environmental risks.

Meeting Voluntary Environmental Targets

At the boundaries of plant premises and at final drainage exits, we have set voluntary environmental targets for the concentration of pollutants in air and water and work to meet those targets. Utilizing METI-LIS provided by the Ministry of Economy, Trade and Industry, we simulate the atmospheric dispersion concentration of Class I designated chemical substances (PRTR Act) of plant premises and identify fixed emission sources that would effectively reduce concentrations.

Reducing Atmospheric Emissions (FY2022 results: atmospheric emissions accounted for around 97% of total air and water emissions)

We are, of course, taking measures to reduce emissions mainly by sealing facilities and improving operation methods. But we are also working to intently and systematically reduce atmospheric emissions primarily by additionally taking such disposal measures as recovering emissions through absorption, purification, and stronger cooling; incinerating emissions; and suppressing emissions through internal floating roofs for tanks.

Operating Company-wide PRTR Calculation Systems

Using the Company's proprietary calculation system, Sumitomo Chemical is striving to increase the accuracy and level of detail of the data on emission amounts and transfer amounts for each substance.

Sustainable Use of Natural Capital

Examples of Initiatives for "Contribution"

Focusing on responses at production sites, in fields concerning atmospheric, water and soil quality as well as waste disposal we will continue striving to achieve independent medium- to long-term targets going forward and promote unique initiatives at each worksite in line with the local characteristics.

Nature Preservation Initiatives

● Promoting 30by30

30by30 is a worldwide goal to effectively conserve at least 30% of Earth's land and sea areas as healthy ecosystems by 2030 with the aim of stopping the loss of biodiversity and reversing the trend. Sumitomo Chemical participates as an initial member in the 30by30 Alliance for Biodiversity, which comprises volunteer companies, municipalities, and organizations. We aim to certify the green spaces we manage as nature coexistence sites that contribute to the 30by30 goal and will continue further promoting the conservation of biodiversity.

● Participating in the "Conservation Site for Human-Nature Symbiosis" Certification Trial Program (Ehime Works)

The Miyoshima Area, which is on the site of Ehime Works, was originally an island in the Seto Inland Sea. In the Showa era, the expansion of the Works through land reclamation connected it to the mainland and it is now an onsite green area. Such rare species as peregrine falcons have been confirmed to be inhabiting the Miyoshima Area, and the area is therefore considered to have value in terms of biodiversity conservation. For this reason, in fiscal 2022 we participated in a pilot project under the Conservation Site for Human-Nature Symbiosis certification system, which Japan's Ministry of the Environment is promoting as a measure to achieve 30by30 in Japan. We earned an evaluation that is equivalent to certification. We will continue preserving the area as a green area and aim to achieve certification as a Conservation Site for Human-Nature Symbiosis.

The Miyoshima Area

Improvement of Soil Environment

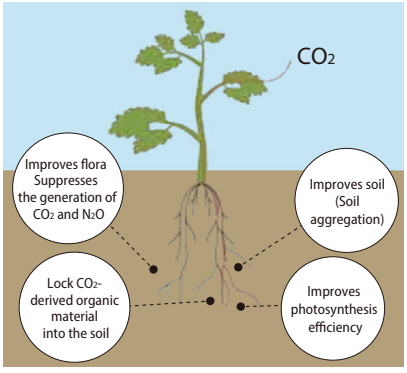
● Contributed to the Spread of No-till Farming

No-till farming is an agricultural method of growing crops without tilling, and is attracting attention from the perspective of reducing greenhouse gas (GHG) emissions by contributing to the reduction of CO_2 emissions from the ground, in addition to its significant environmental benefits such as soil protection and organic matter conservation. We have several herbicides suitable for use before sowing crops, and we will contribute to the spread of this farming method by ensuring the convenience of no-till cultivation through the promotion of these herbicides.

● Soil Fertility by Mycorrhizal Fungi

Mycorrhizal fungi, a type of soil-dwelling microorganism that lives in symbiosis with plant roots, stimulates plant growth by accepting carbon compounds produced by plants through photosynthesis. This property increases the amount of carbon compounds in the soil and promotes carbon fixation, thereby reducing atmospheric CO_2 and contributing to soil fertility. We are working on the development of technology utilizing mycorrhizal fungi to achieve carbon neutrality and solve food problems.

■ Benefits of Mycorrhizal Fungi (Including Some Hypotheses Undergoing Validation)



Sustainable Use of Natural Capital

Looking Ahead

The focus of Sumitomo Chemical Group's basic policy on protecting the environment has shifted since the early 2000s from responding to laws and regulations toward strengthening voluntary management. As pressure increases to protect the environment on a global scale and to improve the efficacy of the measures taken at each worksite, we think it is necessary to understand trends such as international environmental protection and resource recycling, biodiversity preservation, action on water risks and soil contamination better than ever and take forward-looking action.

From the perspective of continued risk management, we are focusing our efforts on issues that are assessed as being high risk over the medium to long term and take appropriate action that enhances voluntary management while continuing to contribute to the sustainable use of natural capital.

Environmental Activities: Supplementary Data

1 Climate Change Mitigation and Adaptation

Reducing Greenhouse Gas Emissions

■ Greenhouse Gas Emissions (All Seven Gases) (Sumitomo Chemical: All Worksites)

(Thousand tons of CO_2e)

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
CO_2	Energy sources	2,559	2,405	2,454	2,543	2,722	2,645	2,549	2,537
	From other than energy use	55	50	93	155	142	157	146	137
Methane (CH_4)		—	—	—	—	—	—	—	—
Nitrous oxide (N_2O)		65	45	35	23	15	20	22	22
Hydrofluorocarbon (HFC)		—	—	—	—	4	4	—	—
Perfluorocarbon (PFC)		—	—	—	—	—	—	—	—
Sulfur hexafluoride (SF_6)		—	—	—	—	—	—	—	—
Nitrogen trifluoride (NF_3)		—	—	—	—	—	—	—	—

Note: Calculated based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

Environmental Activities: Supplementary Data

Energy Saving

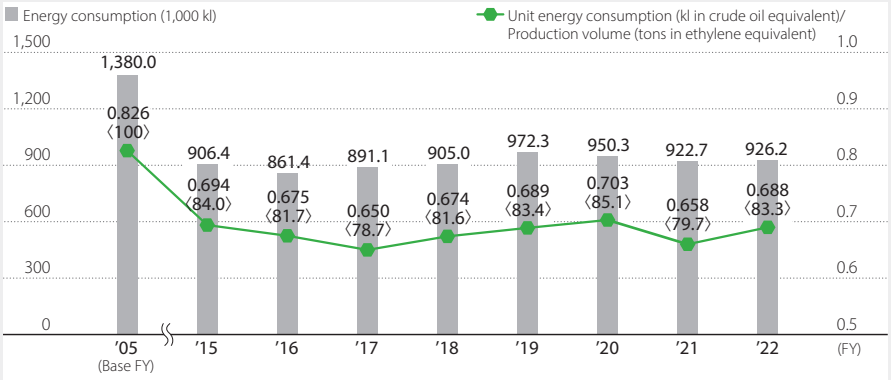
FY2022 Breakdown of Unit Energy Consumption (Sumitomo Chemical)

	Energy consumption (1,000 kl in crude oil equivalent) (a)	Production (1,000 tons in ethylene equivalent) (b)	Unit energy consumption (a/b)
Ehime Works	471	698	0.674
Chiba Works	329	390	0.845
Osaka Works	23	17	1.330
Oita Works*	61	62	0.970
Misawa Works	11	12	0.989
Ohe Works	31	168	0.183
Total	926	1,347	0.688 <83.3% compared with FY2005>

Notes: • Calculated based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
• Ibaraki Works, which was added from fiscal 2022, is excluded.
Moreover, the Works' energy consumption, total floor area, and unit energy consumption were 6 thousand kl (crude oil equivalent), 17 thousand m², and 0.343, respectively.

* Data for the Oita Works includes data for the Gifu and Okayama plants.

Energy Consumption and Unit Energy Consumption (Sumitomo Chemical)



Notes: • Calculated based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
• Ibaraki Works, which was added from fiscal 2022, is excluded.

FY2022 Results

Energy consumption totaled 926.2 thousand kl in crude oil equivalent in fiscal 2022.
In fiscal 2022, unit energy consumption worsened 4.6% compared with fiscal 2021 and improved 16.7% compared with fiscal 2005.

FY2022 Energy Consumption and CO_2 Emissions (Sumitomo Chemical and Group Companies in Japan: All Worksites)

	Energy consumption (1,000 kl in crude oil equivalent)	CO_2 emissions from energy use (1,000 tons)
Sumitomo Chemical	945	2,537
Works	932	2,513
Non-manufacturing sites including the Head Offices and Research Laboratories	13	24
Sumitomo Chemical and Group companies in Japan	1,638	4,667
Works	1,607	4,613
Non-manufacturing sites including the Head Offices and Research Laboratories	31	54

Notes: • Calculated based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
• The boundary of calculation is the same as that for the companies listed on page 3 and covers major consolidated Group companies, accounting for 99.8% of Sumitomo Chemical's consolidated net sales.

Environmental Activities: Supplementary Data

★: Assured by an independent assurance provider

2 Contribute to Recycling Resources, Sustainable Use of Natural Capital

Environmental Performance

Sumitomo Chemical collates and totals environmental data for the Company and Group companies in Japan and overseas, including data on energy and resource consumption, production quantities, and environmental impact (e.g., release of pollutants into the air and water).

■ FY2020–2022 Environmental Performance (Sumitomo Chemical and Group Companies in Japan)

INPUT Energy and Resources

Water

(Million tons)

	FY2020	FY2021	FY2022★
Industrial water	70.2	70.5	69.5
Drinking water	0.8	0.9	0.8
Seawater	884	862	763
Groundwater	26.8	25.5	26.3
Other water	2.6	2.7	2.5
Total	984	962	863

Energy
Calculated as kl of crude oil

(Thousand kl)

	FY2020	FY2021	FY2022★
Fuel, heat, and electricity*1	1,767	1,801	1,634

Exhaustible Resources

(Thousand tons)

	FY2020	FY2021	FY2022
Hydrocarbon compounds	1,704	1,713	1,684
Metals (excluding minor metals)*2	90.2	115	104
Minor metals*3	12.5	17.4	16.2

PCB/CFCs under Secure Storage

	FY2020	FY2021	FY2022
No. of electrical devices containing high concentrations of PCBs*4	11	0	0
PCB volume (pure equivalent) (kl)*4	0.1	0	0
No. of refrigeration units using specified CFCs as a coolant	37	27	20
No. of refrigeration units using HCFCs as a coolant	255	286*5	277

Note: The number of companies included in the boundary of calculation for the environmental performance data on page 134 is as follows for each year.
FY2020: Sumitomo Chemical and Group companies in Japan: 22 companies
FY2021: Sumitomo Chemical and Group companies in Japan: 23 companies
FY2022: Sumitomo Chemical and Group companies in Japan: 22 companies

*1 From fiscal 2017, the energy (calculated as kl of crude oil) indices were calculated based on the GHG Protocol (refer to page 238 "Calculation Standards for Environmental and Social Data Indicators").
- With the disclosure of our GHG emissions based on the GHG Protocol standards, we now include the following data previously excluded from calculations: amount of energy used to produce power and steam sold to external parties by Sumitomo Chemical and Group companies in Japan (the portion attributable to energy provider subsidiaries was included in years prior to fiscal 2016). In addition, the amount of energy used by Sumitomo Chemical's non-production sites is included from fiscal 2017, and the amount of energy used by the non-production sites of Group companies in Japan is included from fiscal 2018. From fiscal 2018, the boundary of calculation has been expanded to include principal consolidated Group companies in Japan, which account for up to 99.8% of consolidated net sales.

*2 Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.
*3 Calculations include the following seven minor metals: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium. The supply structure for each of these minor metals is extremely fragile. These minor metals are subject to national stockpiling.
*4 Fluorescent lamps and mercury lamp ballast as well as contaminated substances (wastepaper, etc.), including PCB waste, are not included in unit and volume data.
*5 Following a detailed analysis, data for fiscal 2021 was retroactively revised.

Environmental Activities: Supplementary Data

★: Assured by an independent assurance provider

OUTPUT Product Manufacturing and Environmental Impact

Products

(Thousand tons)

	FY2020	FY2021	FY2022★
(Calculated on the basis of ethylene production)*1	2,526	2,613	2,413

Water Pollutant Emissions

(Tons)

		FY2020	FY2021	FY2022★
COD	Coastal waters/waterways	874	960	825
	Sewer systems	168	207	175
Phosphorus	Coastal waters/waterways	34.7	36.1	32.0
	Sewer systems	4.9	5.9	6.1
Nitrogen	Coastal waters/waterways	1,281	1,303	1,236
	Sewer systems	48.1	68.6	47.8
Substances subject to the PRTR Act		11.7	11.1	13.3

Water Discharge

(Million tons)

	FY2020	FY2021	FY2022
Total amount of water discharge	947	920	809

Note: Includes seawater emissions of Sumitomo Joint Electric Power Co., Ltd.

Waste Materials

(Thousand tons)

	FY2020	FY2021	FY2022★
Waste emissions*2	248	276	232
Landfill*2	25.1	30.7	21.9
(Breakdown)			
On-site landfill	0	0	0
External landfill	25.1	30.7	21.9

Note: The number of companies included in the boundary of calculation for the environmental performance data on page 135 is as follows for each year.
FY2020: Sumitomo Chemical and Group companies in Japan: 22 companies
FY2021: Sumitomo Chemical and Group companies in Japan: 23 companies
FY2022: Sumitomo Chemical and Group companies in Japan: 22 companies

*1 Certain assumptions were made in calculations due to the difficulty of obtaining weight-based figures for some products.
*2 The amount of coal ash generated at Sumitomo Joint Electric Power, which is included in "Waste emissions" and "Landfill" (Sumitomo Chemical and Group companies in Japan) is calculated on a dry-weight basis.

Environmental Activities: Supplementary Data

★: Assured by an independent assurance provider

Atmospheric Emissions

(Thousand tons of CO_2e)

	FY2020	FY2021	FY2022★
Greenhouse gases (seven gases)*1	6,072	6,241	5,418
Emissions from energy use (CO_2)	5,312	5,435	4,639
CO_2 emissions from other than energy use	661	655	633
CH_4	—	6	6
N_2O	94	143	137
HFC	4	2	3
PFC	—	—	—
SF_6	—	—	—
NF_3	—	—	—

Others

(Tons)

	FY2020	FY2021	FY2022★
NOx	4,359	3,901	3,783
SOx	4,584	3,896	3,098
Soot and dust	211	173	167
Substances subject to the PRTR Act*2	419	420	404

Note: The number of companies included in the boundary of calculation for the environmental performance data on page 136 is as follows for each year.
FY2020: Sumitomo Chemical and Group companies in Japan: 22 companies
FY2021: Sumitomo Chemical and Group companies in Japan: 23 companies
FY2022: Sumitomo Chemical and Group companies in Japan: 22 companies

*1 From fiscal 2017, the greenhouse gas (all seven gases) indices were calculated based on the GHG Protocol for greenhouse gas emissions (refer to page 238 "Calculation Standards for Environmental and Social Data Indicators") for principal consolidated Group companies in Japan, which account for up to 99.8% of consolidated net sales.
- Having adopted the GHG Protocol standards for our GHG emission disclosures, we now include the following data that was previously excluded from calculations: CO_2 emissions from energy sold to external parties by Sumitomo Chemical and Group companies in Japan (the portion attributable to energy provider subsidiaries was included in years prior to fiscal 2016); CO_2 emissions from energy use attributable to Sumitomo Chemical's non-production sites; and CO_2 emissions from non-energy sources not included in the scope of the Act on Promotion of Global Warming Countermeasures. In addition, from fiscal 2018, we include energy use attributable to the non-production sites of Group companies in Japan.

*2 Calculated based on the amount released into water/the air of each substance subject to the PRTR Act.

Compliance with Environmental Laws and Regulations

(Yen)

	FY2020	FY2021	FY2022
Total fines	0	0	0

Note: **Sumitomo Chemical and Group companies in Japan are included in the boundary of calculation.**
[The production sites of the 21 Group companies in the boundary are listed below]
Sumika-Kakoushi Co., Ltd.; Sumika Color Co., Ltd.; Sumika Plastech Co., Ltd.; Nippon A&L Inc.; Asahi Chemical Co., Ltd.; Ceratec Co., Ltd.; Sumika Assembly Techno Co., Ltd.; SanTerra Co., Ltd.; Sumika Agro Manufacturing Co., Ltd.; SC Environmental Science Co., Ltd.; Sumika Agrotech Co., Ltd.; Sumika Polycarbonate Ltd.; Nihon Medi-Physics Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Tanaka Chemical Corporation; Sumitomo Pharma Co., Ltd.; SN Kasei Co., Ltd.; Sanritz Corporation; and Sumika Kowa Tech Co., Ltd.

Environmental Activities: Supplementary Data

Evaluation of Environmental Protection Costs and Economic Effects through Environmental Accounting

Sumitomo Chemical continuously gathers and evaluates data on environmental protection-related expenses, investments, and economic results in line with the Company's environmental accounting system introduced in fiscal 2000.

◆ Items Pertaining to Environmental Accounting

(1) Period: April 1, 2022 to March 31, 2023
(2) Boundary: Sumitomo Chemical and 21 major consolidated subsidiaries (16 in Japan and 5 overseas)*
(3) Composition (Classification): Based on Ministry of the Environment (Japan) guidelines
(4) Outline of the results (investment and expenses): Consolidated investment decreased year on year by 5 billion yen, and consolidated expenses increased by 5.6 billion yen.

* Sumitomo Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Asahi Chemical Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; Sumika Color Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Nippon A&L Inc.; SanTerra Co., Ltd.; Sumika-Kakoushi Co., Ltd.; Sumika Agrotech Co, Ltd.; Ceratec Co., Ltd.; SC Environmental Science Co., Ltd.; SN Kasei Co., Ltd.; Sumika Agro Manufacturing Co., Ltd.; Sumika Plastech Co., Ltd.; Dongwoo Fine-Chem Co., Ltd.; Sumitomo Chemical Asia Pte Ltd.; The Polyolefin Company (Singapore) Pte. Ltd.; Sumika Technology Co., Ltd.; and Sumika Electronic Materials (Wuxi) Co., Ltd.

■ Environmental Protection Cost

(Billion yen)

Classification		Details of Major Initiatives	FY2021				FY2022			
			Non-Consolidated		Consolidated		Non-Consolidated		Consolidated	
			Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Facility Area Costs			1.0	20.1	2.5	32.7	4.2	23.8	7.3	36.8
Breakdown	Pollution Prevention Costs	Prevention of air pollution, water pollution, soil contamination, noise pollution, odors, ground subsidence, etc. (pages 139–140)	(0.7)	(14.4)	(1.7)	(19.3)	(1.0)	(17.8)	(3.4)	(23.1)
Breakdown	Global Environmental Protection Costs	Energy saving, prevention of global warming, ozone layer depletion, and other measures (pages 133, 142)	(0)	(0.1)	(0.3)	(3.9)	(0)	(0.3)	(0.4)	(4.3)
Breakdown	Resource Recycling Costs	Resource saving, water saving and rainwater usage, waste reduction/disposal treatment, recycling, etc. (pages 116, 146)	(0.3)	(5.6)	(0.5)	(9.5)	(3.2)	(5.8)	(3.5)	(9.5)
Upstream/ Downstream Costs		Green purchasing, recycling, recovery, remanufacturing and appropriate treatment of products, recycling costs associated with containers and packaging, environmentally friendly products and services, etc.	0	0	0	0.5	0	0.1	0	0.4
Administrative Costs		Costs associated with environmental education, environmental management systems, the monitoring and measuring of the environmental impact of business activities and products, environmental organization operations, etc. (page 152)	0	0.8	0	1.5	0	0.9	0	1.5
R&D Costs		Development of products with attention to environmental safety, research into energy-saving processes, etc. (pages 30–35)	0	8.0	0	8.2	0.1	9.5	0.1	9.7
Social Activities Costs		Protection of the natural environment and enhancement of its scenic beauty and greenery, support for community initiatives aimed at environmental protection, support for environmental preservation groups, environment-related paid contributions and surcharges, etc.	0	0.5	0	0.8	0	0.4	0	0.9
Environmental Remediation Costs		Environmental rehabilitation of contaminated environments and other environmental damage, reserve funds to cover environmental recovery, etc.	0	0	0	0	0	0	0	0
Total			1.0	29.4	2.5	43.7	4.3	34.7	7.5	49.3

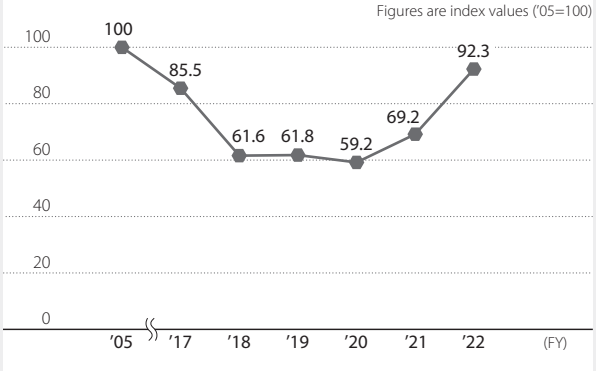
Environmental Activities: Supplementary Data

Economic Effects

(Billion yen)

Results	FY2021		FY2022	
	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated
Reduced costs through energy saving	0.4	0.5	0.1	0.2
Reduced costs through resource saving	0.7	0.9	0.4	0.7
Reduced costs through recycling activities	4.1	4.5	4.0	4.5
Total	5.2	5.9	4.5	5.5

Cost Efficiency of Environmental Protection Measures (Sumitomo Chemical: All Worksites)



In fiscal 2005, we began implementing measures to improve the cost efficiency of our environmental protection measures by making sure that all activities were as cost effective as possible. We will implement more effective measures by analyzing and studying the breakdown of our environmental protection costs and reviewing each item to determine its importance. We calculate the cost efficiency of our environmental protection as the ratio of annual total production value to total environmental protection costs, in order to better reflect actual production activities in the calculation.

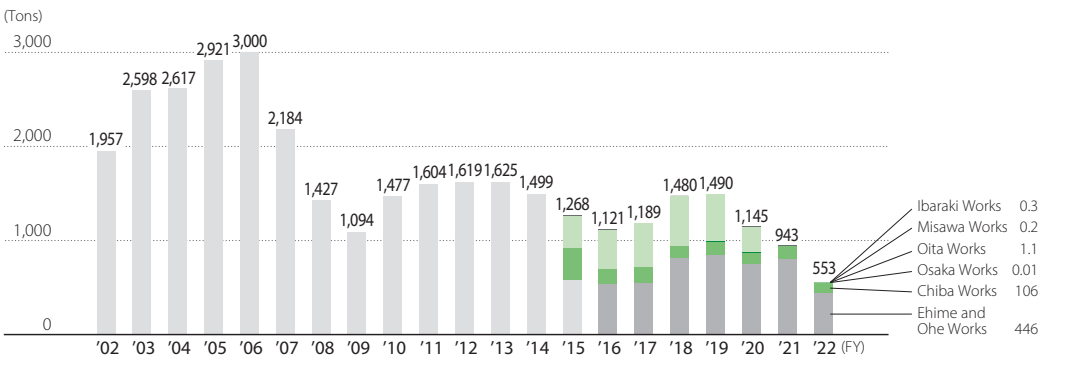
Environmental Activities: Supplementary Data

Preventing Pollution: Atmospheric Emissions of SOx, NOx, Soot, and Dust

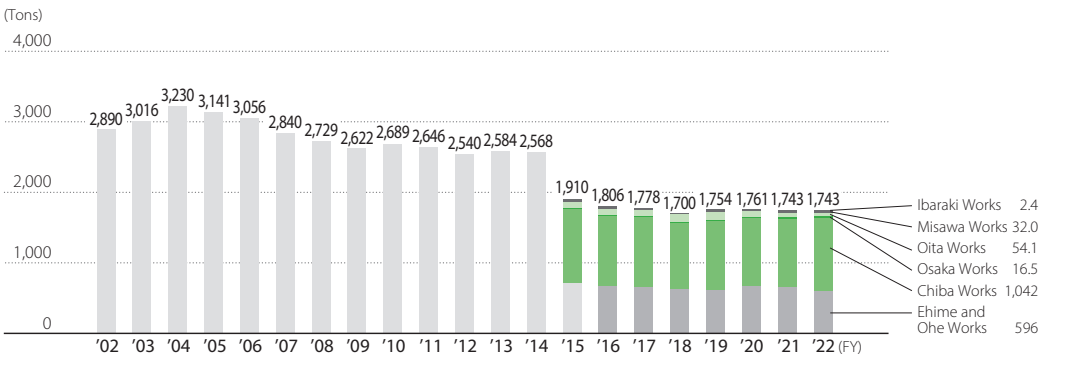
In 1970, Sumitomo Chemical achieved a marked reduction in the release of SOx, NOx, soot, and dust into the atmosphere, and continued to maintain low levels of emissions from 1980 to the present. Furthermore, the Company has concluded cooperative agreements with local municipal governments at each of its Works, establishing voluntary control levels that are stricter than the standards given under applicable laws and regulations.

Note: Data for the Gifu Plant and Okayama Plant from fiscal 2004 to fiscal 2012 is included in Osaka Works.
Data for the Gifu Plant and Okayama Plant from fiscal 2013 is included in Oita Works.

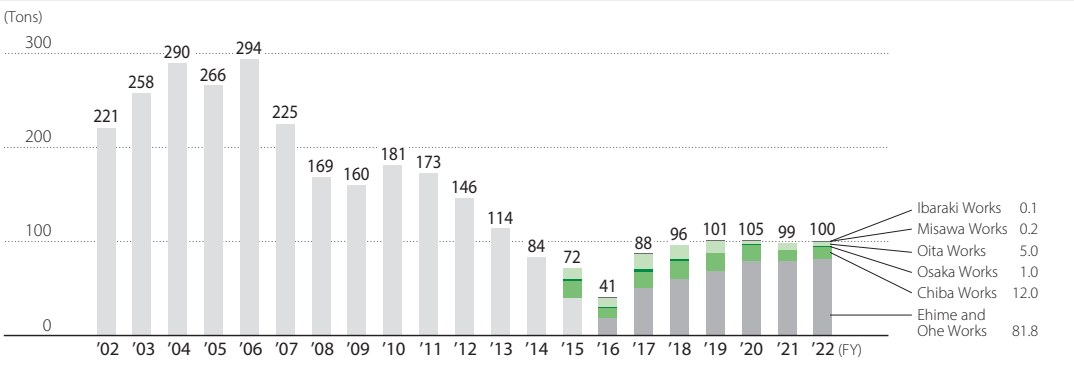
SOx Emissions (Sumitomo Chemical)



NOx Emissions (Sumitomo Chemical)



Soot and Dust Emissions (Sumitomo Chemical)



Target	Continue to sustain levels below voluntary control standard values.

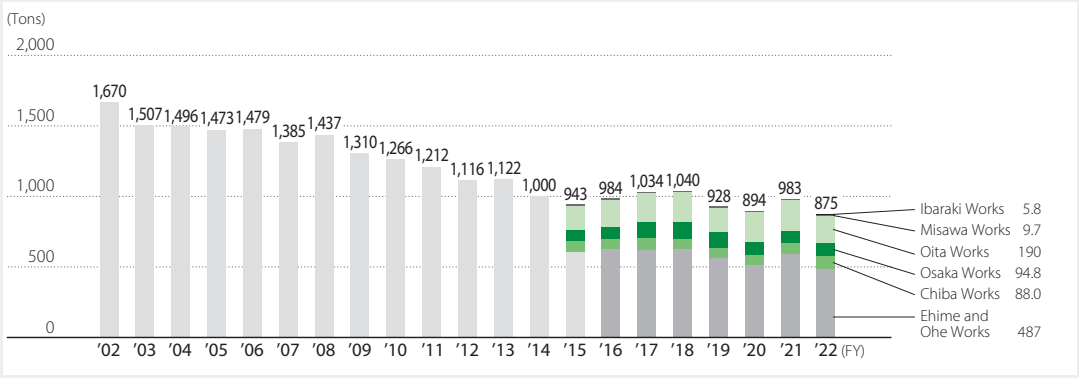
Environmental Activities: Supplementary Data

Water Emissions of COD, Nitrogen, and Phosphorus

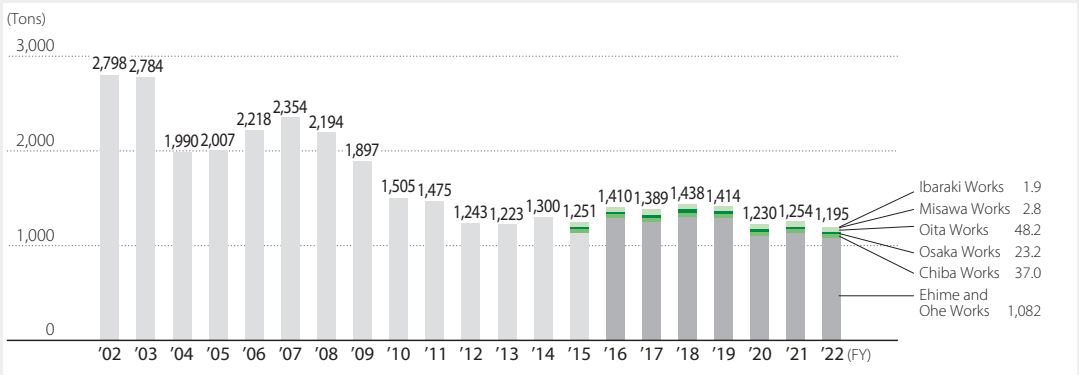
A number of measures have been implemented to cut emissions, in line with fifth-generation Water Quality Standards, and emissions of COD, nitrogen, and phosphorus into waterways have been significantly reduced since fiscal 2004. Sumitomo Chemical has also concluded cooperative agreements with local municipal governments to establish voluntary control levels for COD, nitrogen, and phosphorus released into waterways at each Works. These standards are also stricter than those established under applicable laws and regulations.

Note: Data for the Gifu Plant and Okayama Plant from fiscal 2004 to fiscal 2012 is included in Osaka Works.
Data for the Gifu Plant and Okayama Plant from fiscal 2013 is included in Oita Works.

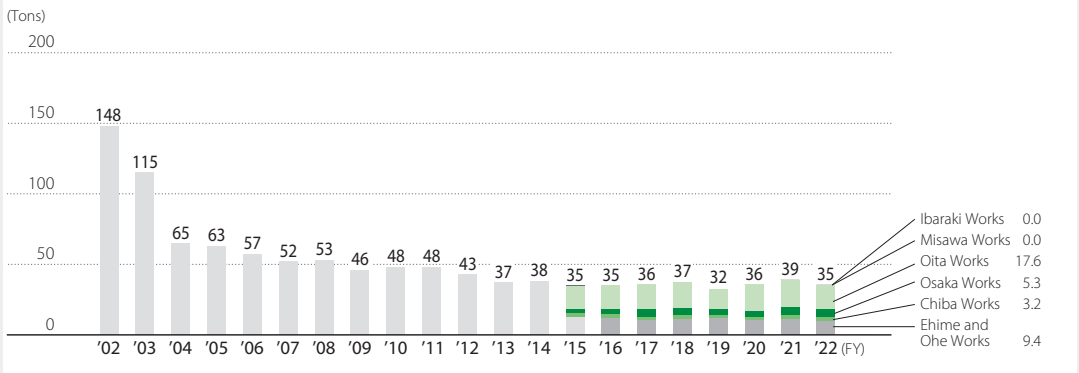
COD Emissions (water emissions include water discharge to sewage systems) (Sumitomo Chemical)



Nitrogen Emissions (Sumitomo Chemical)



Phosphorus Emissions (Sumitomo Chemical)



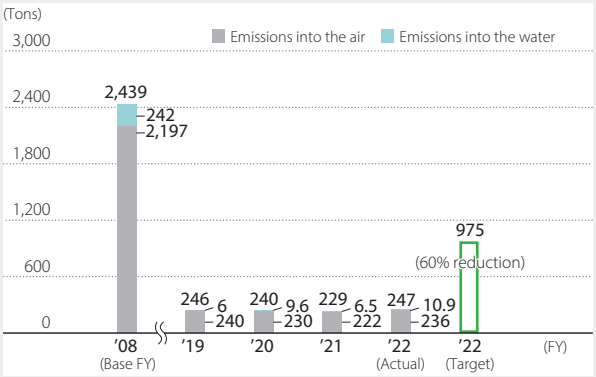
Target	Continue to sustain levels below voluntary control standard values.

Environmental Activities: Supplementary Data

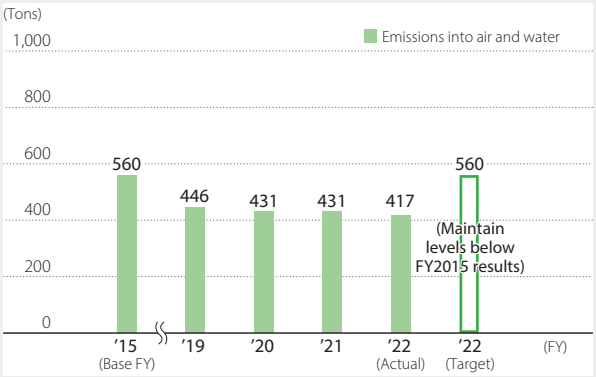
Addressing PRTR and VOCs

Trends in Emissions of Substances Subject to the PRTR Act

Sumitomo Chemical



Sumitomo Chemical and Group Companies in Japan



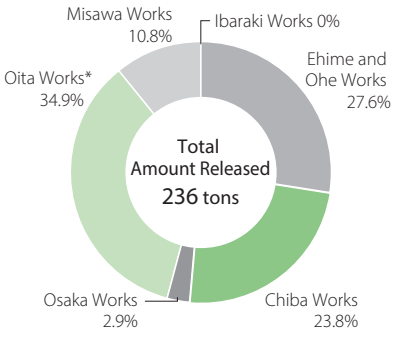
FY2022 Release and Transfer of PRTR Substances (Sumitomo Chemical and Group Companies in Japan)

(Tons)

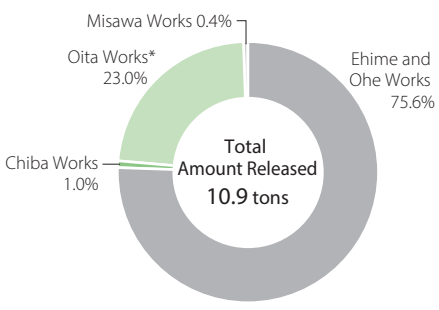
	Released			Transferred		
	Air	Water	Subtotal	Sewage	Waste	Subtotal
PRTR substances						
Sumitomo Chemical (125 substances)	236	10.9	247	4.2	4,479	4,483
Sumitomo Chemical and Group companies in Japan	404	13.3	417	6.7	6,395	6,402

FY2022 PRTR Substances Released by Works (Sumitomo Chemical)

Released into the Air (PRTR Substances)



Released into Waterways (PRTR Substances)

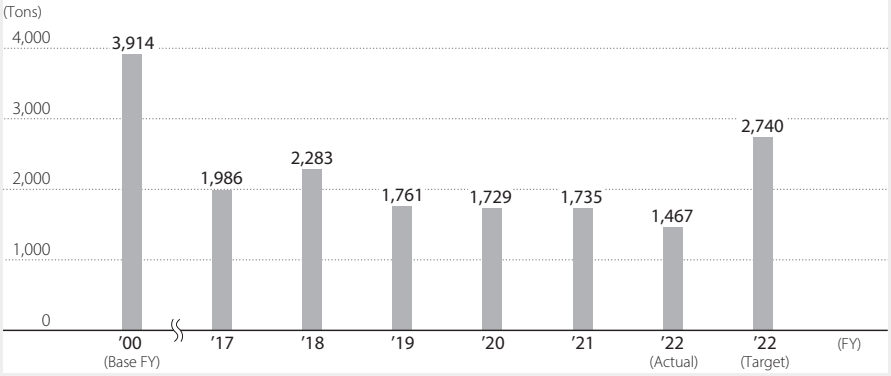


* Data for the Oita Works includes data for the Gifu and Okayama plants.

Target	Reduce the total release of PRTR substances by 60% compared with fiscal 2008 by fiscal 2022
Results	Reduced the total release of PRTR substances to 247 tons, by 89.9%, compared with fiscal 2008 by fiscal 2022, achieving the target.

Environmental Activities: Supplementary Data

Initiatives to Reduce Emissions of Volatile Organic Compounds (VOCs) (Sumitomo Chemical)



Target	Maintain a 30% reduction in VOC emissions compared with fiscal 2000.
Results	Reduced emissions by 1,467 tons, or 62.5%, compared with fiscal 2000 by fiscal 2022, achieving the target.

Prevention of Ozone Layer Depletion

Number of Refrigeration Units That Use Specified CFCs and HCFCs as Coolants (Sumitomo Chemical and Group Companies in Japan) as of the End of Fiscal 2022

(Number of Units)

	Sumitomo Chemical	Sumitomo Chemical and Group Companies in Japan
CFC11	5	5
CFC12	1	13
CFC13	0	0
CFC115	2	2
HCFC22	47	246
HCFC123	24	31

Target	• Eliminate the use of refrigeration units that use specified CFCs as coolants by fiscal 2025. • Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045.

Environmental Activities: Supplementary Data

Response to the Pollutant Release and Transfer Register Ordinance(Issued on November 21, 2008)

(Tons, Dioxins: mg-TEQ)

No.	Name of Chemical Compound	Amount Released					Amount Transferred		
		Air	Water	Soil	Landfill	Total	Sewage	Waste	Total
1	Zinc compounds (water-soluble)	0.0	6.2	0.0	0.0	6.2	<0.1	139.7	139.8
2	Acrylic acid and its water-soluble salts	<0.1	0.0	0.0	0.0	<0.1	0.0	0.0	0.0
3	Methyl acrylate	0.6	0.0	0.0	0.0	0.6	0.0	<0.1	<0.1
4	Acrylonitrile	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0
5	Acrolein	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Acetaldehyde	<0.1	<0.1	0.0	0.0	0.1	0.0	0.0	0.0
7	Acetonitrile	3.5	0.0	0.0	0.0	3.5	0.0	64.4	64.4
8	o-Anisidine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Aniline	0.7	0.0	0.0	0.0	0.7	0.0	28.7	28.7
10	2-Aminoethanol	0.0	0.2	0.0	0.0	0.2	0.0	33.8	33.8
11	m-Aminophenol	0.0	<0.1	0.0	0.0	<0.1	0.0	0.0	0.0
12	Allyl alcohol	<0.1	0.0	0.0	0.0	<0.1	0.0	0.0	0.0
13	Antimony and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Isobutyraldehyde	0.5	0.0	0.0	0.0	0.5	0.0	0.0	0.0
15	Ethanethiol	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16	O-ethylO-6-nitro-meta-tolyl-sec-butylphosphoramidothioate (also known as Butamifos)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	O-ethylO-4-nitrophenyl phenylphosphonothioate (also known as EPN)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	2-Ethylhexanoic acid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Ethylbenzene	6.1	<0.1	0.0	0.0	6.1	<0.1	64.3	64.4
20	Ethylenediaminetetraacetate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Epichlorohydrin	0.5	0.0	0.0	0.0	0.5	0.0	0.0	0.0
22	1,2-Epoxypropane (also known as propylene oxide)	0.0	<0.1	0.0	0.0	<0.1	0.0	0.0	0.0
23	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Cadmium and its compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
25	ε-Caprolactam	0.2	0.7	0.0	0.0	0.9	0.0	0.0	0.0
26	Xylene	5.0	<0.1	0.0	0.0	5.1	<0.1	57.1	57.2
27	Quinoline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Cumene	3.2	<0.1	0.0	0.0	3.2	0.0	0.0	0.0
29	Cresol	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0
30	Chromium and chromium(III) compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Chromium(VI) compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
32	Chloroacetic acid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Chlorodifluoromethane (also known as HCFC-22)	0.6	0.0	0.0	0.0	0.6	0.0	0.0	0.0
34	2-chloro-4,6-bis (ethylamino)-1,3,5-triazine (also known as simazine or CAT)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
35	3-Chloropropene (also known as allyl chloride)	1.6	0.0	0.0	0.0	1.6	0.0	17.8	17.8
36	Chlorobenzene	2.8	<0.1	0.0	0.0	2.8	0.0	132.8	132.8
37	Chloroform	0.4	0.0	0.0	0.0	0.4	<0.1	218.4	218.4
38	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
39	Vinyl acetate	14.7	<0.1	0.0	0.0	14.7	0.0	0.0	0.0
40	Salicyl aldehyde	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
41	(RS)-α-Cyano-3-phenoxybenzyl 2,2,3,3-tetramethylcyclopropanecarboxylate (also known as fenpropathrin)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	Inorganic cyanide compounds (excluding complex salts and cyanates)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
43	S-4-chlorobenzyl N,N-diethylthiocarbamate (also known as thiobencarb or benthiocarb)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1

Environmental Activities: Supplementary Data

(Tons, Dioxins: mg-TEQ)

No.	Name of Chemical Compound	Amount Released					Amount Transferred		
		Air	Water	Soil	Landfill	Total	Sewage	Waste	Total
44	Tetrachloromethane	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
45	1,4-Dioxane	<0.1	0.0	0.0	0.0	<0.1	<0.1	134.0	134.0
46	cyclohexa-1-en-1,2-dicarboxyimidemethyl (1RS)-cis-trans-2,2-dimethyl-3-(2-methylprop-1-enyl) cyclopropanecarboxylate (also known as Tetramethrin)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
47	Cyclohexylamine	0.0	<0.1	0.0	0.0	<0.1	0.0	2.8	2.8
48	1,2-dichloroethane	0.0	0.0	0.0	0.0	0.0	<0.1	<0.1	<0.1
49	1,1-Dichloroethylene (also known as vinylidene chloride)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
50	Cis-1,2-dichloroethylene	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
51	Dichlorodifluoromethane (also known as CFC-12)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
52	2,2-Dichloro-1,1,1- trifluoroethane (also known as HCFC-123)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	1,2-Dichloropropane	0.0	0.0	0.0	0.0	0.0	0.0	426.0	426.0
54	1,3-Dichloropropene (also known as D-D)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
55	Dichlorobenzene	<0.1	0.0	0.0	0.0	<0.1	0.0	104.3	104.3
56	Dichloromethane (also known as methylene chloride)	4.3	0.0	0.0	0.0	4.3	0.0	57.4	57.4
57	Dicyclopentadiene	<0.1	0.0	0.0	0.0	<0.1	0.0	6.8	6.8
58	2,4-Dinitrophenol	0.0	0.0	0.0	0.0	0.0	0.0	34.2	34.2
59	1,3-Diphenylguanidine	0.0	0.4	0.0	0.0	0.4	0.0	8.9	8.9
60	2,6-Di-tert-butyl-4-cresol (also known as BHT)	0.0	<0.1	0.0	0.0	<0.1	0.0	0.0	0.0
61	N,N-Dimethylacetamide	<0.1	0.0	0.0	0.0	<0.1	0.0	7.9	7.9
62	2,4-dimethylaniline	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
63	N,N-Dimethylaniline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
64	Dimethylamine	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
65	N,N-Dimethylformamide	<0.1	0.0	0.0	0.0	<0.1	0.0	47.1	47.1
66	Bromine	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
67	Mercury and its compounds	<0.1	0.0	0.0	0.0	<0.1	<0.1	0.0	<0.1
68	Styrene	2.2	0.0	0.0	0.0	2.2	0.0	0.0	0.0
69	Selenium and its compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
70	Dioxins	<0.1	<0.1	0.0	0.0	<0.1	<0.1	0.0	<0.1
71	O,O-dimethyl O-3-methyl-4-nitrophenyl phosphorothioate (also known as fenitrothion or MEP)	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.4
72	Tetrachloroethylene	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
73	Tetramethylthiuram disulfide (also known as thiuram or thiram)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
74	Terephthalic acid	0.0	0.0	0.0	0.0	0.0	0.0	369.8	369.8
75	Water-soluble copper salts (excluding complex salts)	0.0	<0.1	0.0	0.0	<0.1	<0.1	0.5	0.5
76	Triethylamine	0.9	0.2	0.0	0.0	1.1	0.7	30.6	31.3
77	1,1,1-trichloroethane	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
78	1,1,2-trichloroethane	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
79	Trichloroethylene	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
80	2,4,6-Trichloro-1,3,5-triazine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
81	1,2,3-Trichloropropane	<0.1	0.0	0.0	0.0	<0.1	0.0	18.1	18.1
82	1,2,4-Trimethylbenzene	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0
83	Toluidine	0.0	0.0	0.0	0.0	0.0	0.0	4.2	4.2
84	Toluene	134.0	0.2	0.6	0.0	134.7	0.4	2,265.5	2,265.9
85	Naphthalene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
86	Lead compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
87	Nickel compounds	0.0	0.0	0.0	0.0	0.0	0.0	1.9	1.9
88	Nitrobenzene	0.6	0.0	0.0	0.0	0.6	0.0	39.9	39.9
89	Vanadium compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90	Arsenic and its inorganic compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.1	0.1
91	Hydrazine	0.1	<0.1	0.0	0.0	0.2	0.0	1.1	1.1

Environmental Activities: Supplementary Data

(Tons, Dioxins: mg-TEQ)

No.	Name of Chemical Compound	Amount Released					Amount Transferred		
		Air	Water	Soil	Landfill	Total	Sewage	Waste	Total
92	Hydroquinone	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
93	4-Vinyl-1-cyclohexene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
94	Biphenyl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
95	Pyridine	0.2	0.0	0.0	0.0	0.2	0.0	6.6	6.6
96	Phenylenediamine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
97	1,3-Butadiene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
98	Bis(2-ethylhexyl)phthalate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
99	tert-Butyl hydroperoxide	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100	2-tert-Butyl-5-methylphenol	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
101	Hydrogen fluoride and its water-soluble salts	0.0	0.0	0.0	0.0	0.0	<0.1	0.7	0.8
102	2-Propyn-1-ol	<0.1	0.0	0.0	0.0	<0.1	0.0	0.0	0.0
103	2-Bromopropane	0.6	0.0	0.0	0.0	0.6	0.0	7.4	7.4
104	Hexadecyltrimethylammonium chloride	<0.1	0.0	0.0	0.0	<0.1	0.0	0.0	0.0
105	n-Hexane	36.3	<0.1	0.0	0.0	36.3	0.0	104.9	104.9
106	Water-soluble salts of peroxydisulfuric acid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
107	Benzyl chloride (also known as benzyl chloride)	<0.1	0.0	0.0	0.0	<0.1	0.0	0.0	0.0
108	Benzaldehyde	0.0	0.0	0.0	0.0	0.0	0.0	<0.1	<0.1
109	Benzene	0.3	0.2	0.0	0.0	0.5	<0.1	0.0	<0.1
110	Boron compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
111	Polychlorinated biphenyls (also known as PCBs)	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
112	Poly (oxyethylene) alkyl ether (alkyl C=12–15 and its mixture)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
113	Formaldehyde	0.4	<0.1	0.0	0.0	0.4	2.7	2.8	5.5
114	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	<0.1	0.0	<0.1
115	Phthalic anhydride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
116	Maleic anhydride	0.0	0.0	0.0	0.0	0.0	0.0	<0.1	<0.1
117	Methacrylic acid	0.0	0.0	0.0	0.0	0.0	0.0	<0.1	<0.1
118	2,3-Epoxypropyl methacrylate	0.5	0.0	0.0	0.0	0.5	0.0	0.0	0.0
119	Methyl methacrylate	8.8	0.0	0.0	0.0	8.8	0.0	40.8	40.8
120	(Z)-2'-Methylacetophenone= 4,6-dimethyl-2-pyrimidinyl hydrazone (also known as Ferimzone)	0.0	2.3	0.0	0.0	2.3	0.0	0.0	0.0
121	Methylamine	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
122	3-Methylthiopropanal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
123	Methylnaphthalene	1.8	0.0	0.0	0.0	1.8	0.0	0.0	0.0
124	Morpholine	0.0	<0.1	0.0	0.0	<0.1	0.0	0.0	0.0
125	Triphenyl phosphate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		236	10.9	0.6	0.0	247	4.2	4,484	4,488

Environmental Activities: Supplementary Data

Industrial Waste Reduction

PCB Waste (Sumitomo Chemical and Group Companies in Japan)

Storage and Control of High Concentrations of PCB Waste as of the End of Fiscal 2022

	Number of units of PCB waste			Volume of PCBs (kl)
	Total	Storage	Usage	
Sumitomo Chemical	0	0	0	0
Sumitomo Chemical and Group Companies in Japan	0	0	0	0

Note: The volume of PCBs does not include minute amounts of PCB waste in the PCB net conversion amount. High concentrations of PCBs in such classes of materials as fluorescent lamps, mercury lamp ballast, and contaminated substances (wastepaper, etc.) fall outside the scope of collation.

Target

Properly collect and store high-concentration PCB-containing waste and complete treatment of this waste at an early date.

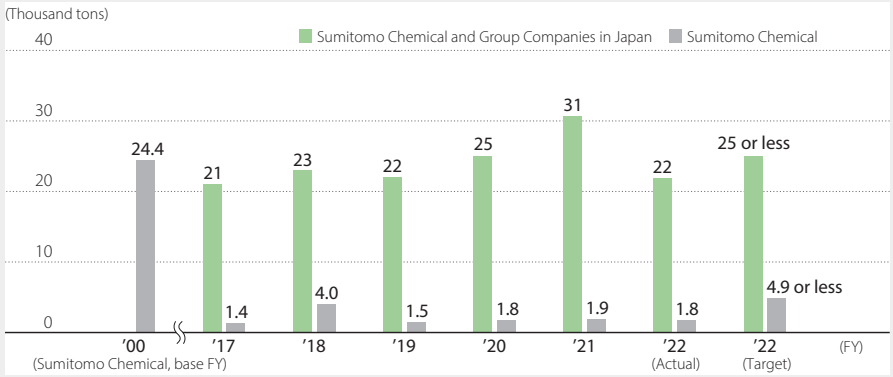
Results

Sumitomo Chemical: As of March 31, 2021, the treatment of all high-concentration PCB-containing waste that had been stored and used has been completed.
Group companies in Japan: As of March 31, 2022, the treatment of all high-concentration PCB-containing waste that had been stored and used has been completed.

In accordance with the Act on Special Measures against PCB Waste, Sumitomo Chemical properly collects high-concentration polychlorinated biphenyl (PCB)-containing waste.* The Company then stores this industrial waste, which is subject to special controls, in specified areas within the Company's waste storage facilities, subsequently ensuring strict control of this waste. Sumitomo Chemical completed treatment of all of its PCB-containing waste ahead of the legally prescribed deadline.

* Transformers, capacitors, and other electronic devices that contain PCB insulating oil.

Landfill Disposal Amount (Sumitomo Chemical and Group Companies in Japan)



Target

Sumitomo Chemical: Maintain landfill disposal amount of no more than 4.9 thousand tons, 80% less than the fiscal 2000 levels.
Sumitomo Chemical and Group Companies in Japan: Maintain landfill disposal amount of no more than 25 thousand tons, less than the fiscal 2020 levels.

Results

Sumitomo Chemical, Sumitomo Chemical and Group companies in Japan all achieved the target.

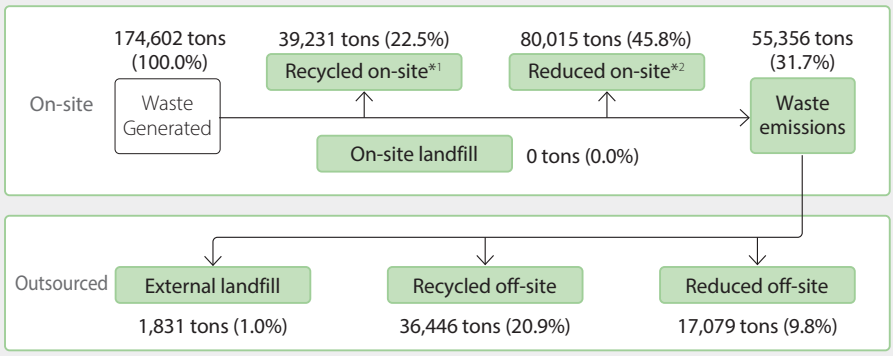
Environmental Activities: Supplementary Data

Digitization of Manifests to Be Prepared Pursuant to the Waste Management and Public Cleansing Act (Sumitomo Chemical)

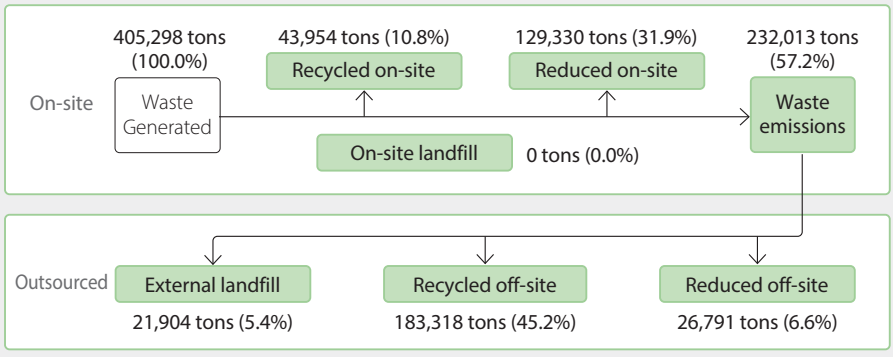
	Number of manifests issued	Number of manifests digitized	Digitization rate (%)
FY2015	18,973	16,337	86
FY2016	19,868	19,594	99
FY2017	19,858	19,585	99
FY2018	20,598	20,355	99
FY2019	19,835	19,726	99
FY2020	20,735	20,675	99
FY2021	23,027	22,961	99
FY2022	22,196	22,179	99

Sumitomo Chemical has been fostering the digitization of manifests to improve operational efficiency and ensure compliance with the law and transparency of data.

Waste Disposal Flow Chart and FY2022 Results (Sumitomo Chemical)



(Sumitomo Chemical and Group Companies in Japan)



Note: The waste amount for Sumitomo Chemical and Group companies in Japan accounts for around 80% of the entire Group total, which includes overseas Group companies.

*1 Recycled waste: Total amount of waste that was reused, recycled, or thermally recycled

*2 Reduced waste: Total amount of waste reduced through incineration, etc.

Environmental Activities: Supplementary Data

FY2022 Results by Item in Connection with the Disposal of Waste

(Sumitomo Chemical)

(Tons)

Type	Waste Generated	Recycled on-site		Reduced on-site		Waste emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Burnt residue	5,408.7	0.0	0.0	0.0	0.0	5,408.7	0.0	0.0	4,826.4	0.0	582.3
Sludge	50,395.1	3.4	11,015.5	20,404.6	2,826.9	16,144.8	0.0	2,731.1	11,775.2	1,376.5	262.1
Oil waste	40,794.0	4,508.5	10,913.7	12,396.0	0.0	12,975.8	0.0	4,572.8	7,087.8	1,179.8	135.1
Waste acid	8,491.4	0.0	1.7	5,366.5	1,046.1	2,077.1	0.0	1,801.3	131.4	99.6	44.9
Waste alkali	60,048.0	12,394.6	17.7	24,053.3	12,354.0	11,228.4	0.0	6,480.2	3,365.0	1,244.1	139.1
Waste plastic	5,406.6	0.0	320.8	636.5	0.0	4,449.3	0.0	466.1	3,316.9	270.1	396.2
Waste paper	992.6	0.0	54.8	808.3	0.0	129.4	0.0	9.9	119.4	0.0	0.1
Wood waste	947.3	0.0	0.0	122.7	0.0	824.6	0.0	64.6	518.4	226.7	14.9
Textile waste	14.7	0.0	0.0	0.0	0.0	14.7	0.0	12.5	2.0	0.0	0.2
Animal and plant residues	11.5	0.0	0.0	0.0	0.0	11.5	0.0	11.5	0.0	0.0	0.0
Metal waste	781.5	0.0	0.0	0.3	0.0	781.2	0.0	159.9	604.8	0.0	16.5
Glass and pottery waste	442.5	0.0	0.0	0.0	0.0	442.5	0.0	110.6	262.8	38.8	30.3
Slag	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debris	842.0	0.0	0.0	0.0	0.0	842.0	0.0	658.8	0.0	0.0	183.2
Soot and dust	26.1	0.0	0.0	0.0	0.0	26.1	0.0	0.0	0.0	0.0	26.1
Total	174,602.1	16,906.4	22,324.2	63,788.2	16,227.0	55,356.1	0.0	17,079.3	32,010.1	4,435.6	1,831.1

(Sumitomo Chemical and Group Companies in Japan)

(Tons)

Type	Waste Generated	Recycled on-site		Reduced on-site		Waste emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Burnt residue	14,195.9	0.0	0.0	0.0	0.0	14,195.9	0.0	0.0	10,816.6	2.5	3,376.8
Sludge	94,228.9	3.4	11,015.5	20,404.6	39,693.7	23,111.8	0.0	6,639.4	13,101.2	1,611.5	1,759.6
Oil waste	48,654.8	4,524.0	15,621.8	12,396.0	0.0	16,113.1	0.0	3,993.6	7,750.9	4,197.3	170.9
Waste acid	10,512.7	0.0	1.7	5,366.5	1,046.1	4,098.4	0.0	3,110.8	329.0	573.6	85.0
Waste alkali	82,340.6	12,394.6	17.7	36,501.3	12,354.0	21,073.0	0.0	10,748.8	7,535.4	2,503.9	284.8
Waste plastic	9,414.7	0.0	320.8	636.5	0.0	8,457.5	0.0	1,116.4	5,569.0	687.7	1,084.4
Waste paper	1,893.5	0.0	54.8	808.3	0.0	1,030.3	0.0	96.3	930.2	0.8	3.1
Wood waste	1,311.1	0.0	0.0	122.7	0.0	1,188.4	0.0	100.0	790.2	279.2	19.1
Textile waste	14.7	0.0	0.0	0.0	0.0	14.7	0.0	12.5	2.0	0.0	0.2
Animal and plant residues	18.6	0.0	0.0	0.0	0.0	18.6	0.0	14.7	0.0	3.8	0.1
Metal waste	875.2	0.0	0.0	0.3	0.0	874.9	0.0	180.8	671.0	1.6	21.6
Glass and pottery waste	485.6	0.0	0.0	0.0	0.0	485.6	0.0	118.3	278.0	40.7	48.4
Slag	114.6	0.0	0.0	0.0	0.0	114.6	0.0	0.0	0.0	0.0	114.6
Debris	1,213.5	0.0	0.0	0.0	0.0	1,213.5	0.0	658.9	0.0	0.0	554.7
Soot and dust	140,023.1	0.0	0.0	0.0	0.0	140,023.1	0.0	0.0	125,642.0	0.0	14,381.1
Total	405,297.6	16,921.9	27,032.3	76,236.2	53,093.8	232,013.3	0.0	26,790.6	173,415.5	9,902.7	21,904.5

Environmental Activities: Supplementary Data

FY2022 Categories of Hazardous* and Non-Hazardous Waste (Sumitomo Chemical)

(Tons)

Type	Waste Generated	Recycled on-site		Reduced on-site		Waste emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Non-Hazardous Waste	65,269	3	11,391	21,972	2,827	29,075	0	4,225	21,426	1,912	1,512
Hazardous Waste	109,334	16,903	10,933	41,816	13,400	26,281	0	12,854	10,584	2,523	319

(Sumitomo Chemical and Group Companies in Japan)

(Tons)

Type	Waste Generated	Recycled on-site		Reduced on-site		Waste emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Non-Hazardous Waste	263,789	3	11,391	21,972	39,694	190,729	0	8,937	157,800	2,628	21,364
Hazardous Waste	141,508	16,919	15,641	54,264	13,400	41,284	0	17,853	15,615	7,275	541

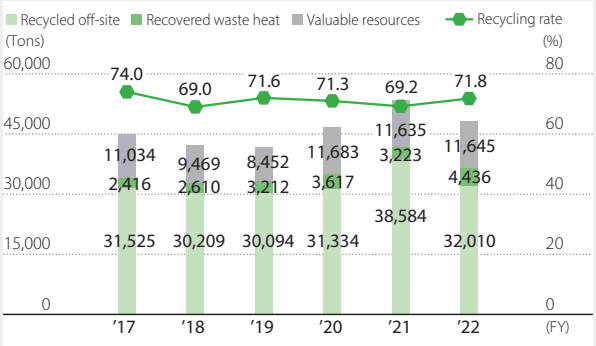
* Waste oil (including waste organic solvents), alkaline waste, acidic waste

Initiatives to Recycle and Reuse Plastic and Other Waste

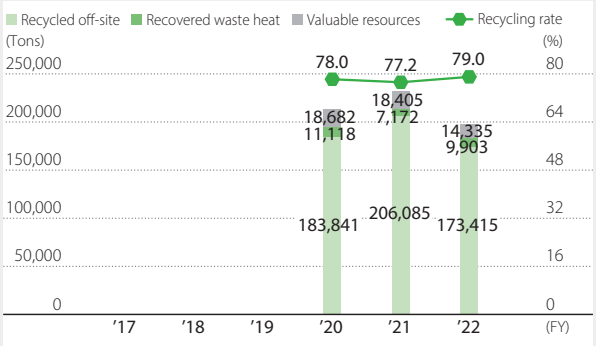
Sumitomo Chemical is proactively working to recycle and reuse plastic and other waste.

Results of Recycling and Reusing Waste (including valuable resources and recovered waste heat)*1

Sumitomo Chemical

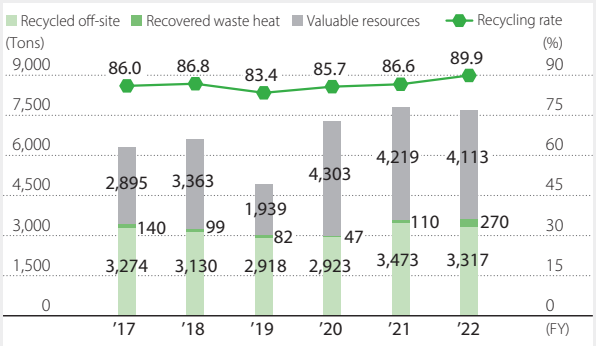


Sumitomo Chemical and Group Companies in Japan

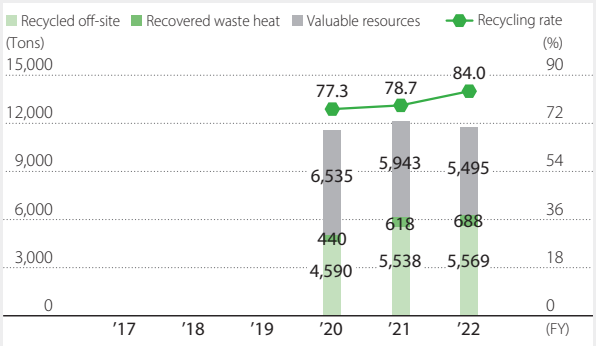


Results of Recycling and Reusing Plastic Waste (including valuable resources and recovered waste heat)*2

Sumitomo Chemical



Sumitomo Chemical and Group Companies in Japan



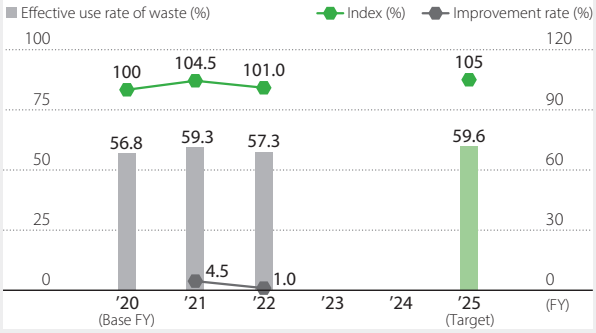
*1 Amount of recycled and reused waste (including valuable resources and recovered waste heat) = amount of externally recycled and reused waste + amount of externally recovered waste heat + amount of valuable resources
Percentage of recycled and reused waste (including valuable resources and recovered waste heat) = (amount of externally recycled and reused waste + amount of externally recovered waste heat + amount of valuable resources)/(amount of emitted waste + amount of valuable resources)

*2 Amount of recycled and reused plastic waste (including valuable resources and recovered waste heat) = amount of externally recycled and reused waste + amount of externally recovered waste heat + amount of valuable resources
Percentage of recycled and reused plastic waste (including valuable resources and recovered waste heat) = (amount of externally recycled and reused waste + amount of externally recovered waste heat + amount of valuable resources)/(amount of emitted waste + amount of valuable resources)

Environmental Activities: Supplementary Data

Common Environmental Protection and Management Targets (Japan)

Effective Use Rate of Waste*1 (2020 = 100)

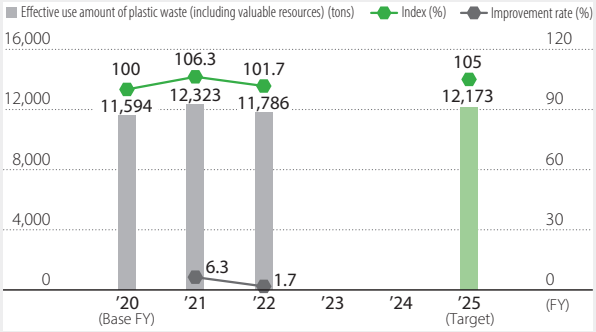


Improve the effective use rate of waste

Target	Improve by 5% or more relative to fiscal 2020 by fiscal 2025.
Results	Improved by 1.0% relative to fiscal 2020 in fiscal 2022, achieving the target.

*1 Effective use rate of waste = {(amount of internally recycled and reused waste + amount of internally recovered waste heat) + (amount of externally recycled and reused waste + amount of externally recovered waste heat)}/amount of waste generated × 100

Effective Use Amount of Plastic Waste (including valuable resources)*2 (2020 = 100)

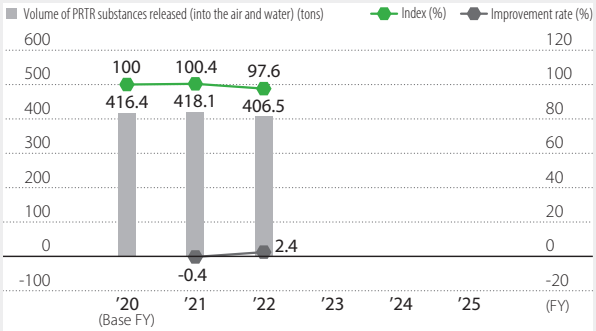


Improve the effective use amount of plastic waste

Target	Improve by 5% or more relative to fiscal 2020 by fiscal 2025.
Results	Improved by 1.7% relative to fiscal 2020 in fiscal 2022, achieving the target.

*2 Effective use amount of plastic waste (including valuable resources) = (amount of valuable resources) + (amount of internally recycled and reused waste + amount of internally recovered waste heat) + (amount of externally recycled and reused waste + amount of externally recovered waste heat)

Volume of PRTR Substances Released (into the Air and Water) and PRTR Substance Emissions Indices (2020 = 100)

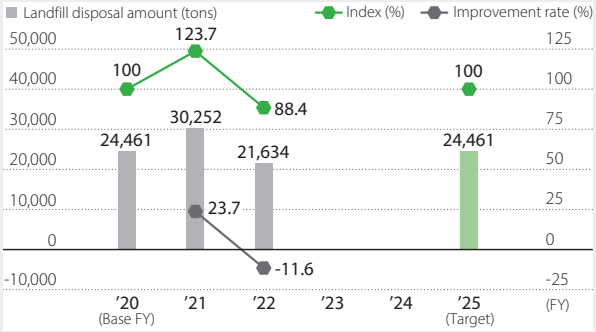


Reduction of volume of PRTR substances released

Target	Maintain emissions at or below the fiscal 2020 (target fiscal year: fiscal 2022)*3
Results	Decreased by 2.4% relative to fiscal 2020 in fiscal 2022, achieving the target.

*3 The new target will be set after the PRTR Act is amended in fiscal 2023.

Landfill Disposal Amount and Landfill Disposal Indices (2020 = 100)



Reduction of landfill disposal amount

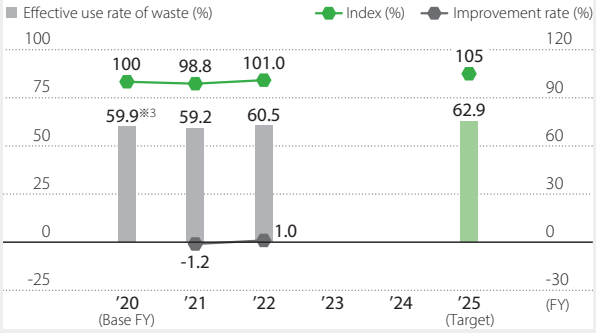
Target	Maintain landfill disposal amount at or below fiscal 2020 levels.
Results	The amount in fiscal 2022 decreased by 11.6% compared with fiscal 2020, achieving the target.

Note: **Sumitomo Chemical and the 17 Group companies in Japan listed below are included in the boundary of calculation.**
Sumika-Kakoushi Co., Ltd.; Sumika Color Co., Ltd.; Sumika Plastech Co., Ltd.; Nippon A&L Inc.; Asahi Chemical Co., Ltd.; Ceratec Co., Ltd.; SanTerra Co., Ltd.; Sumika Agro Manufacturing Co., Ltd.; Sumika Assembly Techno Co., Ltd.; SC Environmental Science Co., Ltd.; Sumika Agrotech Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; SN Kasei Co., Ltd.; Sumika Polycarbonate Ltd.; Sanritz Corporation; and Sumika Kowa Tech Co., Ltd.

Environmental Activities: Supplementary Data

Common Environmental Protection and Management Targets (Overseas)

Effective Use Rate of Waste*1 (2020 = 100)

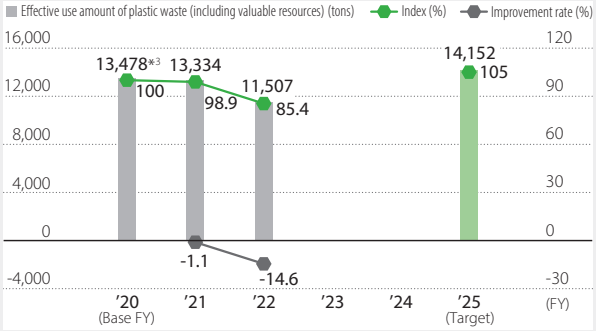


Improve the effective use rate of waste

Target	Improve by 5% or more relative to fiscal 2020 by fiscal 2025.
Results	The rate worsened 1.0% relative to fiscal 2020 in fiscal 2022, failing to achieve the target.

*1 Effective use rate of waste = {(amount of internally recycled and reused waste + amount of internally recovered waste heat) + (amount of externally recycled and reused waste + amount of externally recovered waste heat)}/ amount of waste generated × 100

Effective Use Amount of Plastic waste (including valuable resources)*2 (2020 = 100)

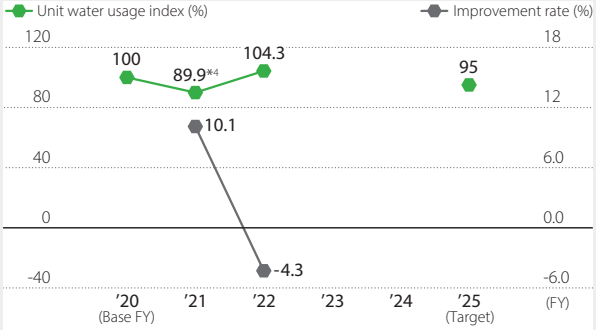


Improve the effective use amount of plastic waste

Target	Improve by 5% or more relative to fiscal 2020 by fiscal 2025.
Results	Worsened 14.6% relative to fiscal 2020 in fiscal 2022, failing to achieve the target.

*2 Effective use amount of plastic waste (including valuable resources) = (amount of valuable resources) + (amount of internally recycled and reused waste + amount of internally recovered waste heat) + (amount of externally recycled and reused waste + amount of externally recovered waste heat)

Unit Water Usage Indices (2020 = 100)



Improvement in Unit Water Usage Indices

Target	Improve unit water usage Indices by at least 1% annually on average.
Results	Worsened by 4.3% relative to fiscal 2020 in fiscal 2022, failing to achieve the target.

Note: **The following 30 Group companies overseas are included in the boundary of calculation:**

Singapore	• The Polyolefin Company (Singapore) Pte.Ltd. • Sumitomo Chemical Asia Pte Ltd (MMA&S-SBR)
Thailand	• Sumipex (Thailand) Co., Ltd. • Bara Chemical Co., Ltd. • Sumika Polymer Compounds (Thailand) Co., Ltd.
Vietnam	• Sumika Electronic Materials Vietnam Co., Ltd.
China	• Dalian Sumika Chemphy Chemical Co., Ltd. • Sumika Electronic Materials (Wuxi) Co., Ltd. • Sumika Electronic Materials (Hefei) Co., Ltd. • Sumika Huabei Electronic Materials (Beijing) Co., Ltd. • Sumika Electronic Materials (Xi'an) Co., Ltd. • Zhuhai Sumika Polymer Compounds Co., Ltd. • Dalian Sumika Jingang Chemicals Co., Ltd. • Sumika Electronic Materials (Changzhou) Co., Ltd. • Xuyou Electronic Materials (Wuxi) Co., Ltd. • Sumika Electronic Materials (Chongqing) Co., Ltd.
Taiwan	• Sumika Technology Co., Ltd. • Sumipex Techsheet Co., Ltd.
India	• Sumika Polymer Compounds India Co., Ltd.
South Korea	• Dongwoo Fine-Chem Co., Ltd. • SSLM Co., Ltd.
Australia	• Botanical Resources Australia Manufacturing Services Pty Ltd. • Botanical Resources Australia Agricultural Services Pty Ltd.
United States	• Sumitomo Chemical Advanced Technologies LLC • McLaughlin Gormley King Company • Valent BioSciences LLC • Sumika Polymer North America LLC
United Kingdom	• Sumika Polymer Compounds UK Co., Ltd.
Turkey	• Sumika Polymer Compounds Turkey Co., Ltd.
France	• Sumika Polymer Compounds France Co., Ltd.

*3 Following a detailed analysis, data for fiscal 2020 was retroactively revised.
*4 Following a detailed analysis, data for fiscal 2021 was retroactively revised.

Environmental Activities: Supplementary Data

Environmental Management System

Between 1997 and 2001, ISO 14001:1996 certification was obtained at all Works and continually maintained thereafter. Updated ISO 14001 certification was obtained later and all Works have been inspected on a continual basis to ensure the certification does not expire.

Acquisition of ISO 14001 Certification

1. Sumitomo Chemical (Acquisition Rate: 100%)

Works	Certificate Number	Certification Date
Ehime Works (including Ohe Works)	JCQA-E-0018	April 12, 2025
Chiba Works (including the SCIOCS Chiba Facility)	KHK-97ER, 004	June 25, 2024
Osaka Works	JQA-E-90072	November 27, 2024
Oita Works (Gifu Plant)	JCQA-E-0206	December 24, 2024
Oita Works (Okayama Plant)	JCQA-E-0218	January 21, 2025
Oita Works	JQA-E-90152	March 30, 2025
Misawa Works	JQA-EM0355	December 12, 2025

2. Group Companies In Japan

Companies	Certificate Number	Certification Date
Sumika-Kakoushi Co., Ltd.	JCQA-E-0532	January 12, 2025
Sumika Color Co., Ltd.	JUSE-EG-680	May 8, 2024
Nippon A&L Inc. (Ehime Works)	ISO 14001-0076790	January 3, 2025
Nippon A&L Inc. (Chiba Works)	(KHK-)97ER, 004	June 25, 2024
Asahi Chemical Co., Ltd.	JUSE-EG-717	February 26, 2024
Ceratec Co., Ltd.	JCQA-E-0018	April 12, 2025
Sumika Assembly Techno Co., Ltd.	JCQA-E-0018	April 12, 2025
Sumika Agro Manufacturing Co., Ltd. (Ehime Fertilizers Works)	JCQA-E-0018	April 12, 2025
Sumika Agro Manufacturing Co., Ltd. (Other Works)	13ER, 925	August 5, 2024
Koei Chemical Co., Ltd.	JCQA-E-0969	March 11, 2023
Taoka Chemical Co., Ltd. (Ehime Works)	JCQA-E-0018	April 12, 2025
Taoka Chemical Co., Ltd. (Yodogawa Works)	JQA-EM3938	November 27, 2024
Tanaka Chemical Corporation	4526844	July 25, 2023
Sumitomo Pharma Co., Ltd. (Suzuka Works)	00ER-094	December 21, 2024
Sumitomo Pharma Co., Ltd. (Oita Works)	JQA-E-90152	March 30, 2025
Sumika Polycarbonate Limited	JCQA-E-0436	December 23, 2023
SANRITZ Co., Ltd.	JMAQA-E105	April 26, 2024
Kohwa Chemicals Inc.	EMS 601582	December 26, 2025

Environmental Activities: Supplementary Data

3. Overseas Group Companies

Companies	Certificate Number	Certification Date
Bara Chemical Co., Ltd.	24120907002	August 29, 2024
SSLM Co., Ltd.	EAC-06178	May 7, 2024
Sumitomo Chemical India Private Limited (Tarapur plant)	IND.23.5072/IM/U	April 2, 2026
Sumitomo Chemical India Private Limited (Vapi plant)	EMS 740097	March 9, 2024
Sumitomo Chemical India Private Limited (Bhavnaga Plant)	99 104 00704/02	October 10, 2024
Sumitomo Chemical India Private Limited (Gajod Plant)	99 104 00704/03	October 10, 2024
Sumitomo Chemical India Private Limited (Silvassa Plant)	99 104 00704/04	October 10, 2024
Sumitomo Chemical Advanced Technologies LLC	43631-2008-AE-USA-ANAB	June 2, 2023
Sumika Technology Co., Ltd.	EMS 89814	December 26, 2024
Dongwoo Fine-Chem Co., Ltd. (Pyeongtaek)	EAC-06003	July 9, 2024
Dongwoo Fine-Chem Co., Ltd. (Iksan)	KR15/02363	July 14, 2023
Dongwoo Fine-Chem Co., Ltd. (Samki)	KR20/81826429	August 22, 2025
Sumika Electronic Materials (Xi'an) Co., Ltd.	CN15/10718	September 8, 2024
Sumika Huabei Electronic Materials (Beijing) Co., Ltd.	19919E00003ROM	January 3, 2025
Sumika Electronic Materials (Hefei) Co., Ltd.	268157-2018-AE-RGC-RvA	August 24, 2024
Sumika Electronic Materials (Shanghai) Co., Ltd.	11721EU0025-07 R1S	August 21, 2024
Sumika Electronic Materials (Wuxi) Co., Ltd.	64188-2009-AE-RCG-RVA	October 30, 2024
Sumika Electronic Materials (Changzhou) Co., Ltd.	CN20/10228	May 19, 2023
XUYOU Electronic Materials (Wuxi) Co., Ltd.	00220E34370R0M	December 24, 2023
Sumika Electronic Materials (Chongqing) Co., Ltd.	CN15/21719	December 6, 2024
Sumika Polymer Compounds (Thailand) Co., Ltd.	66 104 130035	September 9, 2025
Sumipex (Thailand) Co., Ltd.	TH10/4097	November 30, 2023
Sumitomo Chemical Asia Pte Ltd (MMA plant)	10369744	June 30, 2024
Sumitomo Chemical Asia Pte Ltd (S-SBR plant)	SCS 102718EI	September 8, 2024
The Polyolefin Company (Singapore) Pte. Ltd.	SG05/00847	May 14, 2026
Zhuhai Sumika Polymer Compounds Co., Ltd.	CN13/30779	August 19, 2025
Sumika Polymer Compounds Dalian Co., Ltd.	CN14/10103	March 25, 2026

Note: Surveys are conducted once per year, and the above list is based on the survey results as of March 31, 2023

Energy Management System

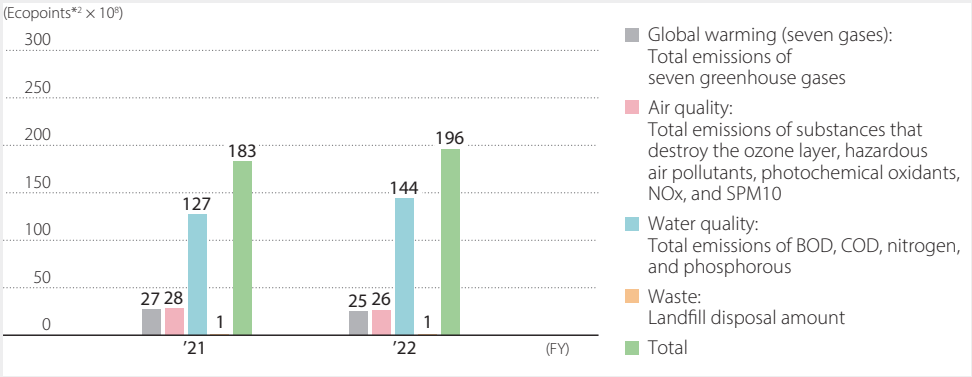
■ Acquisition of ISO 50001 Certification

Works	Certificate Number	Certification Date
Dongwoo Fine-Chem Co., Ltd. (Pyeongtaek)	EN-0632901	October 13, 2025

Environmental Activities: Supplementary Data

Examining the Practical Use of Environmental Efficiency Indicators and Environmental Management Accounting Methods

Breakdown of Aggregate Values for Environmental Impact (Sumitomo Chemical) by JEPIX*1



Assessing the Environmental Impact of Each Group Company Using JEPIX

In fiscal 2022, as in the previous fiscal year, we undertook environmental impact assessments using JEPIX, in order to evaluate the effectiveness of this index as a strategic management indicator, and continued with relevant analyses.

Assessing the Environmental Impact of Each Product by LIME*3

For more practical use of LCA*4 data both internally and externally, we use LCA software (MiLCA) from the Japan Environmental Management Association for Industry to undertake environmental impact assessments of our major products using the LIME method.

Trial Evaluation of Material Flow Cost Accounting (MFCA)*5

We are continuing to evaluate the effectiveness of this tool and also are performing examinations for the simplification and standardization of the method and procedures in order to foster their use. MFCA, which focuses on the loss of energy and resources, helps minimize loss and cost and reduces environmental impact.

*1 Environmental Policy Priorities Index for Japan (JEPIX):
This method, which employs a uniform single indicator called "Ecopoints" to evaluate environmental impact, is derived from the Swiss LCIA Eco Scarcity methodology. The current method evaluates the discrepancy between targets (e.g., laws and environmental policies) and actual conditions based on material flow data.

*2 Ecopoints:
An indicator for total environmental impact—the smaller the value, the lower the environmental impact.

*3 Life-cycle Impact assessment Method based on Endpoint modeling (LIME)
A life-cycle impact assessment method developed in Japan as a cornerstone for measuring Japan's environmental conditions.

*4 Life Cycle Assessment (LCA):
A method for evaluating the environmental impact of products and services throughout their life cycles.

*5 Material Flow Cost Accounting (MFCA):
An environmental cost accounting method that identifies input costs of materials, processing, electricity, fuel, and others, and compares them with the energy and resources lost in manufacturing processes.

Society (Social Activities)

Contributing to the SDGs through Social Activities

Contents

Social Activity Goals and Results

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

Items		Boundary	Fiscal 2022 Goals	Fiscal 2022 Results	Evaluation	Fiscal 2023 Goals	Pages
Procurement		Sumitomo Chemical Group	Thoroughly ensure compliance, maintain and enhance sustainable procurement, and promote initiatives for respecting human rights in the supply chain	Promoted thorough compliance among relevant internal and external parties, promoted initiatives for respecting human rights by studying high-risk raw materials, strengthened sustainable procurement by revising the Supplier Code of Conduct, promoted sustainable procurement by strengthening collaboration with business partners through monitoring, feedback, and trade briefings, and promoted initiatives for respecting human rights through detailed surveys using human rights questionnaires (Sumitomo Chemical results)	○	Thoroughly ensure compliance, maintain and enhance sustainable procurement, and promote initiatives for respecting human rights in the supply chain	Pages 170–175
HR Management		Sumitomo Chemical Group	Employ human resources and greatly strengthen recruitment capabilities	Secured personnel by promoting recruitment practices aligned with various specialized fields and recruitment categories	○	Employ diverse human resources and further strengthen recruitment capabilities	Pages 176–197
		Sumitomo Chemical Group	Manage global human resources and work on workforce management that is responsive to business expansion	Revamped personnel database, appropriately placed personnel in response to business expansion, and systematically conducted global human resources development	○	Manage global human resources and work on workforce management that is responsive to business expansion	
		Sumitomo Chemical Group	Develop personnel and run HR systems to promote employee growth and development	Formulated action plans based on Sumika "Let's Do This Declaration"	○	Develop personnel and run HR systems to promote employee growth and development	
		Sumitomo Chemical Group	Promote sustainability, DE&I, and work-life balance	Promoted measures at each Group company based on the Group's Basic Principles on the Promotion of Diversity, Equity, and Inclusion and executed action plans based on the Sumika "Let's Do This Declaration"	○	Promote sustainability, DE&I, and work-life balance	
Occupational Safety and Health / Industrial Safety and Disaster Prevention	Lost-workday injuries	Sumitomo Chemical	0	2	△	0	Pages 198–204
		Partner companies*1	0	6	△	0	
	Frequency rate of lost-workday injuries	Sumitomo Chemical Group*2	Less than 0.1	0.50	△	Less than 0.1	
	Severe accidents*3	Sumitomo Chemical Group*2	0	2	△	0	
	Severe industrial accidents*4	Sumitomo Chemical Group*5	0	0	○	0	
	Lost-workday injuries in logistics*6	Logistics	0	0	○	0	

Note: Further details are provided in the supplementary data (pages 226–235).

*1 A partner company injury is defined as one suffered within a Sumitomo Chemical worksite by an employee of a company affiliated with a subcontractor (including construction and logistics companies) or other company (including spot construction-related companies and delivery companies not included in an association).

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

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

*4 Severe industrial accidents are defined as industrial accidents resulting in any of the below conditions.
- The local residents suffer injuries requiring at least regular hospital visits or treatment.
- Employees at the facility suffer injuries that require at least one lost workday.
- The damage to the facilities totals more than 10 million yen.

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

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

Social Activity Goals and Results

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

Items		Boundary	Fiscal 2022 Goals	Fiscal 2022 Results	Evaluation	Fiscal 2023 Goals	Pages
Product Stewardship / Product Safety / Quality Assurance	Laws and regulations	Sumitomo Chemical	Continue to act precisely in accordance with domestic and overseas laws and regulations	Acted precisely in accordance with relevant laws and regulations	○	Continue to act precisely in accordance with domestic and overseas laws and regulations	Pages 205–210
	Chemicals management and information disclosure	Sumitomo Chemical	Continue to promote risk-based chemicals management and information disclosure	Systematically put in place risk assessment methods	○	Continue to conduct risk-based chemicals management and information disclosure	
	Chemical management system	Sumitomo Chemical	Continue to promote utilization of the Comprehensive Chemical Management System (SuCCESS) and develop concrete plans for expansion to Group companies	As part of our efforts to promote utilization of SuCCESS, 15 Group companies in Japan use the system. We use SuCCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes in response to overseas regulations	○	Continue to promote utilization of SuCCESS and develop concrete plans for expansion to Group companies	
	Risk assessment	Sumitomo Chemical	Continue to steadfastly perform product safety risk assessments	Performed 56 product risk assessments	○	Continue to steadfastly perform product safety risk assessments	
	Logistics quality-related incidents	Sumitomo Chemical*	No Rank A or Rank B incidents, two or fewer Rank C incidents	No Rank A or Rank B incidents, no Rank C incidents	○	No Rank A or Rank B incidents, two or fewer Rank C incidents	
Communities		Sumitomo Chemical Group	Provide support to achieve the United Nations Sustainable Development Goals	• Provided support for tree-planting activities and education through Matching Gift programs • Support for solving Environmental issues in Africa	○	Provide support to achieve the United Nations Sustainable Development Goals	Pages 217–225
		Sumitomo Chemical Group	Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	Assisting in relief for the Turkish and Syrian earthquake	○	Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	
		Sumitomo Chemical Group	Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace	Participated in and cooperated with local events, held science workshop classes, held plant tours, etc.	○	Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace	
		Sumitomo Chemical Group	Continue to expand information disclosure using SDGs and promote interactive dialogue	Continued to expand information disclosure using SDGs and promote interactive dialogue	○	Continue to expand information disclosure using SDGs and promote interactive dialogue	

Note: Further details are provided in the supplementary data (page 236).
* Includes some Group companies in Japan that have Works within a Sumitomo Chemical worksite.

Respect for Human Rights

Basic Stance

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

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

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

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

1. Our Position on Human Rights

(1) Compliance with Standards, Laws and Regulations

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

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

(2) Respect for Human Rights in Our Business Activities

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

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

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

Respect for Human Rights

2. Our Approach to Human Rights Issues

(1) Providing Education and Raising Awareness

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

(2) Human Rights Due Diligence

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

(3) Responding to Identified Human Rights Impacts

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

(4) Remedy

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

(5) Grievance Mechanisms

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

(6) Disclosure

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

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

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

Compliance with the Laws and Regulations involving Respect for Human Rights World-wide

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

Respect for Human Rights

Management System

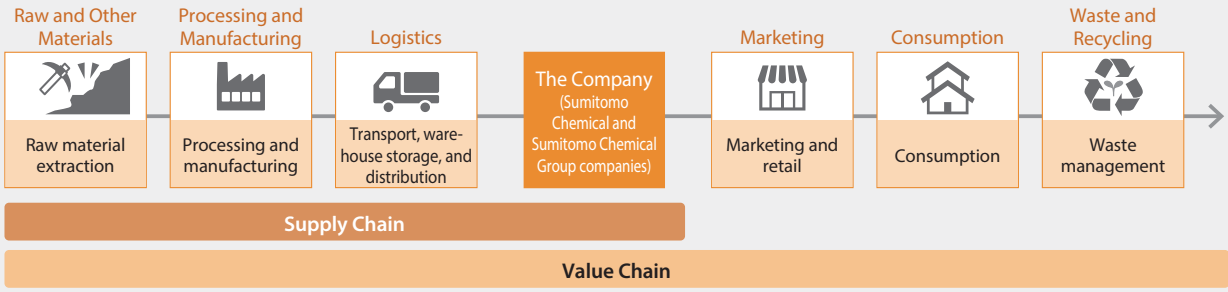
Human Rights Promotion Committee

Sumitomo Chemical has established the Human Rights Promotion Committee as its organization for promoting activities in compliance with the Human Rights Policy. In order to plan and implement measures to respect human rights across the entire value chain,*1 this committee consists of members from a broad range of related departments and functions. The senior executive officer in charge of corporate departments serves as chair, while from the business sectors, executive officers responsible for the Planning & Coordination Offices*2 of their respective departments participate as committee members.

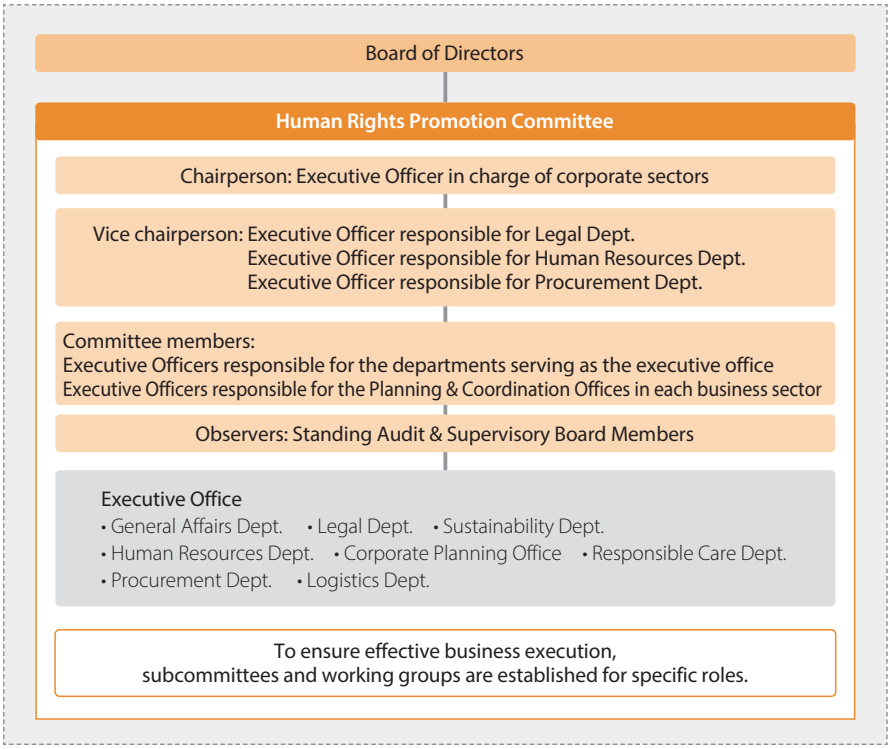
*1 Value chain is defined by ISO 26000, which is an international standard related to social responsibility, as an "entire sequence of activities or parties that provide or receive value in the form of products or services." See below for details.
*2 The Planning & Coordination Offices are departments in charge of matters related to the planning, technologies, and development of each business sector.

Roles of the Committee

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



■ Human Rights Promotion Committee



Respect for Human Rights

Group-wide Approach

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

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

Examples of Initiatives

Human Rights Due Diligence and Relief Efforts

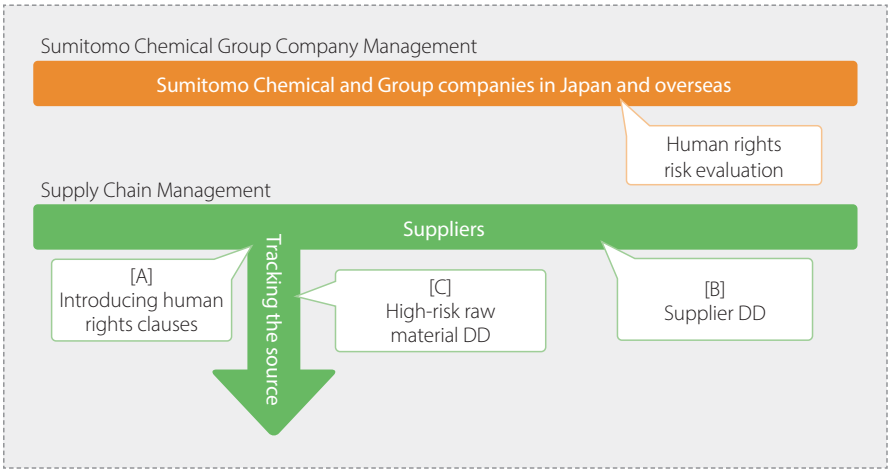
With the aim of promoting respect for human rights in its business activities, the Sumitomo Chemical Group has established a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights. Under our approach to evaluating, reducing, and preventing human rights risks, not only for Sumitomo Chemical itself and its supply chain, but also for Group companies in Japan and overseas and their supply chains, we set priorities based on potential human rights risks, and implement our efforts in steps. The Sustainability Department, Legal Department, Procurement Department, and Logistics Department collectively serve as our secretariat office for human rights due diligence, working with business sectors and other relevant departments to ensure that our entire value chain is assessed.

External specialists conduct human rights risk evaluations of the Group to evaluate, reduce, and prevent human rights risks within the Group.

Moreover, for the supply chain, we rank priorities based on assumed human rights risks, conduct surveys, and promote engagement. As a comprehensive initiative, we ensure the effectiveness of human rights risk reduction initiatives by including clauses related to the implementation of human rights-related initiatives in new and existing agreements. As a practical risk reduction initiative, we distribute the Sumitomo Chemical Group Supplier Code of Conduct and collect responses to check sheets and human rights questionnaires, which independently confirm the status of initiatives by each supplier, thereby determining the status of general sustainability measures and management systems, including those related to human rights, at suppliers (supplier due diligence, hereinafter "supplier DD"). In addition, for suppliers of raw materials that have a high risk of having a negative impact on human rights (high-risk raw materials), we conduct high-risk raw material due diligence (DD) through surveys that track to the source.

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

■ Human Rights Due Diligence Overview of Initiatives



Respect for Human Rights

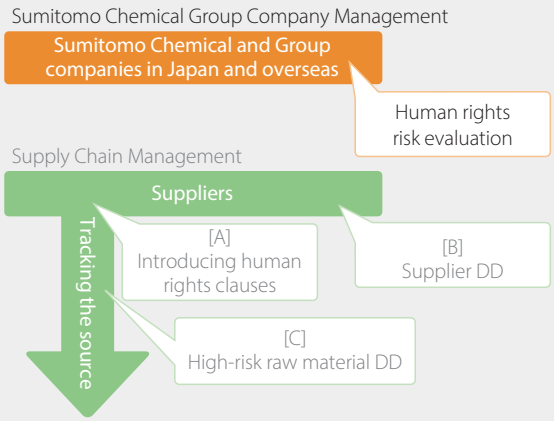
Approach to Our Human Rights Due Diligence Efforts

Sumitomo Chemical Group Company Management

■ Sumitomo Chemical Group Company Management Flow

Group Company Risk Evaluation

Based on our risk approach policy, we are undertaking an overview of human rights due diligence over the past three years.



FY2022	• Human rights risk evaluations (risk mapping) conducted by external specialists
FY2023 (plan)	• Conducted detailed surveys (on-site and written) of Group companies thought to have relatively high levels of risk in the human rights risk evaluations (risk mapping) conducted in fiscal 2022
FY2024 (plan)	• Regarding written survey responses that indicate concerns about human rights violations, we confirmed actual conditions at each company • Studied and implemented countermeasures for matters pointed out in on-site surveys conducted by external specialists

Initiatives in FY2022

Since it is important to regularly assess human rights risks in response to changes in social conditions and other factors, we conducted a human rights risk assessment (second round) for the Company and 131 consolidated management companies (as of October 2022). With the cooperation of outside human rights experts, we estimated potential human rights risks for each company based on the business activities, location (country/region), personnel composition, raw materials/products handled, and other factors of the group companies. We also confirmed the status of risk measures based on interviewing with personnel in charge and the results of internal audits and responsible care audits. Through these processes, we conducted an assessment more closely attuned to reality while maintaining objectivity.

Respect for Human Rights

Risk Evaluation Items

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

Society

S1	Forced labor and human trafficking
S2	Child labor
S3	Work hours
S4	Wages and employment contract
S5	Discrimination
S6	Harassment and punishments
S7	Freedom of association
S8	Land rights
S9	Negative social impact on local communities
S10	Indigenous people and cultural heritage
S11	Privacy
S12	Countermeasures and management procedures (supply chain)

Environment

E1	Environmental pollution
E2	Resource management
E3	Noises, vibrations, and odors

Occupational Safety and Health

HS1	Countermeasures and management procedures
HS2	Machine safety
HS3	Fires and explosions
HS4	Hazardous operations
HS5	Infectious, dusty, and asbestos operations

Governance

G1	Prevention of bribery
G2	Prevention of accounting fraud
G3	Prevention of quality-related fraud
G4	Examples of violations

Policy for Calculating Risk Scores

Regarding each item, we confirm activities as factors either contributing to or reducing risk. When there are activities that could become risk factors, we add to the risk score, and when there are activities that reduce risk factors, we subtract from the risk score, thereby quantifying risk. The higher the risk score, the higher the human rights risk.

Examples that add to the risk score:

- Employing foreign national workers and migrant workers
- Operational region of the Group company ranked as a high-risk country in indices published by international institutions (for example: the Global Child Forum & UNICEF's Children's Rights and Business Atlas)
- Businesses considered labor-intensive (business categories considered to have a relatively high ratio of low-wage workers)

Examples that subtract from the risk score:

- Confirming the personal IDs of migrant workers and storing copies
- Formulating policies related to prohibiting child labor
- Confirming the provision of employee wages in an amount adequate to provide for a family and meet basic needs, such as food and housing

Points Updated for the Second Round of Human Rights Risk Assessments

We considered the following factors to ensure that changes in social conditions are appropriately reflected.

- Country-specific indicators newly formulated and released by international organizations
- Among raw materials being handled, the presence or absence of materials that are considered to have high human rights risks, such as conflict minerals
- Problematic rises in cases of human rights violations in the chemical industry and in countries where Group companies are based
- The addition of the safety and health field to the ILO's Core Labor Standards

Respect for Human Rights

FY2023 Initiative Plans

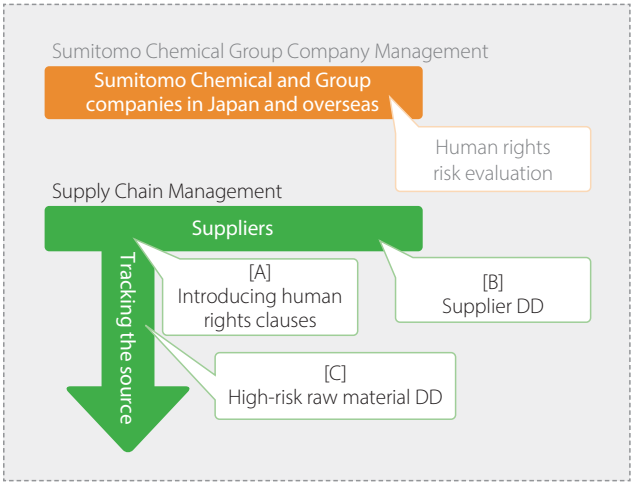
As a result of the human rights risk assessments, we conduct detailed investigations using written surveys and the input of outside human rights experts for Group companies that are considered to urgently need their status confirmed. We will confirm the facts and take remedial measures as needed.

Human Rights Risk Assessments (First Round)

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/humanrights_riskassessment_1.pdf

Supply Chain Management

■ Supply Chain Management Flow



A. Introducing Human Rights Clauses into Contracts

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

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

Main Content in Human Rights Clauses (required matters)

- Comply with human rights-related international standards and the Sumitomo Chemical Group Supplier Code of Conduct
- Strive to seek similar responses from suppliers further upstream
- Formulate policies and conduct human rights due diligence
- Cooperate on the Company's initiatives

Respect for Human Rights

B. Supplier DD

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with its business partners. We ourselves do business in a fair, equitable and transparent way, while also promoting sustainable procurement efforts across the entire supply chain with respect for human rights and a firm commitment to compliance. In order to encourage our business partners to work on sustainability efforts, in the Sumitomo Chemical Group Supplier Code of Conduct, we ask our business partners to respect human rights, prohibit complicity with human rights violations, prohibit discrimination and harassment, respect basic rights related to labor, prohibit forced labor and child labor, comply with the minimum wage, and assurance of a living wage. In addition, to accurately recognize the risk status related to legal compliance and ethics, society, occupational safety and health, and the environment in the procurement of raw materials in the supply chain, we send the Sumitomo Chemical Group Supplier Code of Conduct to our major business partners, collect the Sumitomo Chemical Group Sustainable Procurement Check Sheets filled out by each company, and confirm the status of initiatives.

Furthermore, from fiscal 2021, we are conducting detailed investigations of the Company's major business partners using questionnaires specialized for human rights (the human rights questionnaire). The human rights questionnaire comprises two parts: one for the management system of the entire company and one with questions specialized for human rights (the presence or absence of human rights risks and the implementation status of risk reduction measures). We provide feedback on the results for all business partners who respond. And for those business partners that we would like to take further action, we engage with them on an individual basis (including exchange information related to sustainability initiatives and share the best practices of the Sumitomo Chemical Group, providing support as needed).

P.174 **Procurement:** Promoting Sustainable Procurement throughout the Supply Chain

Excerpts of the Human Rights Questionnaire

Major items	Examples of specific questions
(1) Questions related to company-wide management systems	Numbers of employees, presence of labor unions, status of formulation of policies (for example: human rights policies, legal and regulatory compliance, environmental conservation, occupational safety and health), supply chain management status (for example: status of risk assessments for business partners and the supply chain), establishment of whistleblower hotline
(2) Questions specially focused on human rights*	We collect responses to the following questions to confirm the risk of forced labor of foreign national workers and migrant workers. • Employment status of foreign national workers and migrant workers • Does the company use recruitment specialists when employing foreign national workers and migrant workers? • If using recruitment specialists, is the company doing its due diligence to ensure the specialists' business activities do not violate the human rights of job seekers? • Has the company established an internal procedure for confirming whether recruitment specialists are collecting fees from job seekers? • Before the planned worker departs their home country, does the company provide documents that clarify the main working conditions (job duties, wages, workhours, etc.) in the worker's native language or a language the worker can understand? • Before the planned worker departs their home country, does the company explain necessary information related to the country where they will work or the workplace (rules of the workplace, occupational safety and health, performance considerations, use of dormitory, helpdesk contact information if there are problems, etc.) in the worker's native language or a language the worker can understand?

* We confirm a wide range of human rights issues, such as child labor, forced labor, discrimination (responsible recruitment), and the rights of indigenous people.

Initiatives in FY2022

Based on the fiscal 2022 survey results of the human rights questionnaire, we conducted engagement with major suppliers to gain their understanding of and cooperation on initiatives aligned with the United Nations Guiding Principles on Business and Human Rights. In addition, we revised the Sumitomo Chemical Group Sustainable Procurement Guidebook to further promote sustainability initiatives, including those related to human rights, among suppliers. We amended the guidebook into the Sumitomo Chemical Group Supplier Code of Conduct, incorporating respect for human rights, prevention of complicity with human right violations, and assurance of a living wage.

FY2023 Initiative Plans

To confirm the status of initiatives in line with the Sumitomo Chemical Group Supplier Code of Conduct, we will continue promoting sustainable procurement in the supply chain by sending major suppliers the Sumitomo Chemical Group Sustainable Procurement Check Sheets and questionnaires specialized for human rights, collect responses, and take improvement measures as necessary.

Respect for Human Rights

C. High-risk Raw Material DD

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

Initiatives in FY2022

From fiscal 2020, in line with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials, we conducted surveys of the usage status of high-risk raw materials at the Company and Group companies in Japan. As a result, we determined that we need additional confirmation for some of the raw materials source.

FY2023 Initiative Plans

Regarding some of the raw materials mentioned above, we will conduct additional confirmation. As a result of the confirmation, if there are concerns, we will consider remedial measures to reduce human rights risks in line with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials and continue implementing necessary initiatives. In addition, for business partners that handle high-risk raw materials, we will continue requesting reports based on the Responsible Minerals Initiative (RMI), steadily promote risk assessments, and consider rolling these efforts out to overseas Group companies.

P.175 **Procurement:** Initiatives Related to High-Risk Raw Materials

Grievance Mechanisms

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

In addition, regarding harassment in particular, Sumitomo Chemical has established a harassment consultation office and consultants. We have set up systems to provide consultations for employees regarding various types of harassment, including power harassment, sexual harassment, maternity harassment, and SOGI harassment.*

Each of these aforementioned consultation offices accepts anonymous consultations and whistleblower reports. In the Compliance Manual, we make clear that the Company gives utmost consideration to protecting the privacy of the reporting person and maintaining the confidentiality of information provided and that the Company does not put people at any disadvantage, such as through dismissal, transfer, or discrimination, on the grounds of having received a consultation or made a report. We are raising awareness of these facts among employees.

Furthermore, at all aforementioned offices, in fiscal 2022, there were no confirmed cases related to discrimination and no major negative impact on human rights affecting the business continuation of the Group.

The Group will continue working to more effectively operate grievance mechanisms going forward.

* SOGI harassment: harassment related to sexual orientation and gender identity

P.79 **Compliance:** Speak-Up System

Respect for Human Rights

Education and Awareness Raising

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

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

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

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

Raising Employees' Awareness of Human Rights

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

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

■ Initiatives to Raise Awareness of Human Rights (Sumitomo Chemical Group)

Name and format	Purposes	Boundary	FY	Sessions	Participants	Participation rate (%)
Seminars and lectures on human rights Training based on the Sumitomo Chemical Group Human Rights Policy	• Preventing harassment and discrimination on the grounds of gender and against social minorities and human rights violations • Preventing child labor, forced labor, and human trafficking etc.	Sumitomo Chemical	2022	98	8,703 (cumulative total)	131.1
		Sumitomo Chemical Group (42 major Group companies in Japan)	2021	147	7,261 (cumulative total)	78.2

Note: The participation rate is calculated as the cumulative total of participants.

We provided opportunities for all Sumitomo Chemical Group management executives and employees to learn about business and human rights through a website specifically for the JIRI-RITA ACTION, which is aimed at helping management executives and employees promote sustainability.

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

Respect for Human Rights

Engaging in Human Rights Initiatives

Stakeholder Engagement Program Hosted by Caux Round Table Japan

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

This program invites companies, non-government and non-profit organizations, and experts to discuss human rights due diligence that is required by the Guiding Principles on Business and Human Rights. The subject for fiscal 2022 was "Human Rights Issues by Sector" formulated by the Nippon CSR Consortium in fiscal 2021. Participants engaged in sectoral discussion, referring to the human rights guidance tool created by the United Nations Environment Programme Finance Initiative (UNEP FI). (We participated in the discussion for the chemical, construction material, and manufacturing sectors.)

Fiscal 2022 Stakeholder Engagement Program (Human Rights Due Diligence Workshop) Report

https://www.aoyama-syouji.co.jp/ir/esg/pdf/2022_SHE_final_report_en.pdf

Human Rights Due Diligence Subcommittee Hosted by Global Compact Network Japan

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

In fiscal 2022, the subcommittee organized various initiatives such as seminars by experts and workshops related to human rights due diligence. We will continue to deepen our understanding of human rights by engaging in various initiatives, and leverage the learning in the Group's human rights promotion efforts.

Others

Signed onto the Declaration of Partnership Building

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

Announcement of our "Declaration of Partnership Building" (Japanese only)

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

Consideration for Human Rights in Investment

Along with interviews and legal due diligence for investment candidates, before acquisition we confirm consideration for human rights issues, response status, and the systems of investees.

Initiatives for the Rights of Children

The Sumitomo Chemical Group focuses efforts not only on eliminating child labor in Japan and overseas but also on educational support regarding respecting the rights of children.

P.217 Communities

Respect for Human Rights

Looking Ahead

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

Procurement

Basic Stance

Policy on Sustainable Procurement

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

■ Basic Procurement Principles (Outline)

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

Procurement

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

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

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

1. Establish Strong Company Management Systems

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

2. Identify and Assess Risks in the Supply Chain

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

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

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

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

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

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

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

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

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

Procurement

Management System

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

Goals and Results

FY2022 Group-wide Initiatives

Main Initiatives	Details
Group purchasing information exchange meetings 2 times	Participating companies: 24 • Sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.); Shared information about BCPs
Company-wide procurement liaison meetings 2 times	Participants: Representatives responsible for the procurement of business sectors • Sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.); Shared information about BCPs
Procurement staff education	Participants: All procurement staff (including new employees and transferees) • Sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.)

FY2022 Initiative for Suppliers

Main Initiatives	Details
Suppliers Dialogues 3 times	Participating companies: 42 (major suppliers of materials and equipment) • Sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.); Shared information regarding occupational safety
Supplier Information Exchange Meeting 1 time	Participating companies: 44 (major raw material suppliers) • We explain the Company's efforts to reduce Scope 3*1 emissions to our major suppliers*2 and request that each such company cooperate with us in reducing GHG emissions and share related information. • Provided briefings on and requested cooperation in sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.), introduced on internal reporting systems, etc.
Evaluation of Established Suppliers (Sustainable Procurement Rate Survey)	Targeted companies: All established suppliers, who together account for the top 90% of the raw materials purchased Sustainable procurement rate*3: 91% (As of March 31, 2023)
Evaluation of New Suppliers	Due diligence rate for new suppliers: 100% Suppliers who were rated "good" and with whom business began: 100%
Audits	Number of times monitoring was conducted in conjunction with quality audits: 4 (Due to the pandemic, all audits were documentation audits. We confirmed that there were no problems on the sustainable procurement check sheets.)
Initiatives Related to High-Risk Raw Materials	We conduct due diligence in accordance with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials. For conflict minerals (gold, tantalum, tungsten, and tin), cobalt, and mica, we request they use the template*4 issued by the Responsible Minerals Initiative (RMI), and, for other high-risk raw materials, we request they use a document based on the RMI. We have already received replies from all current suppliers of raw materials, including these high-risk raw materials. Reply collection status: • Conflict minerals, cobalt, and mica: 100% reply collection rate, 0% of suppliers have been determined to have a problem • Other high-risk raw materials: 100% reply collection rate, we are engaging with some suppliers who need additional confirmation
Human Rights Questionnaire	• We provided feedback to 10 companies surveyed in FY2021. We also conducted engagement*5 with five of those companies. • We newly conducted a survey of 10 major suppliers and have collected responses from all of them. We also assess the status of initiatives on human rights.

*1 Emissions from the manufacturing and transportation of purchased raw materials
*2 Covers suppliers accounting for 90% of procured raw materials.
*3 The percentage of Sumitomo Chemical Group Sustainable Procurement Check Sheets that were returned
*4 • Conflict minerals (gold, tantalum, tungsten, tin): Conflict Minerals Reporting Template (CMRT)
• Cobalt and mica: Extended Minerals Reporting Template (EMRT)
*5 Exchanging information on sustainability initiatives, sharing best practices in the Sumitomo Chemical Group, supporting suppliers, etc.

Procurement

Examples of Initiatives

Sustainable Procurement Activities

Sumitomo Chemical has a webpage about sustainable procurement in the Procurement Information section on its official website to inform more stakeholders of its sustainable procurement initiatives. The webpage features the Sumitomo Chemical Group Supplier Code of Conduct. Moreover, Sumitomo Chemical has formulated the Sumitomo Chemical Group Sustainable Procurement Check Sheets to enable suppliers to conduct self-evaluations regarding all items. Suppliers can now download these documents and report the results of their evaluations.

Sumitomo Chemical Group Sustainable Procurement Check Sheets

Ⅰ Compliance and Ethics

Questions in this chapter focus on whether the company properly complies with laws and regulations; upholds and respects international norms; complies with competition laws; maintains sound relations with governments and administrative agencies as well as prohibits bribery; prohibits the offering and receiving of inappropriate profit; respects intellectual property; establishes a system for the prevention, early detection, and remedy of wrongdoings as well as protects whistleblowers; makes appropriate information disclosure; protects the organization's confidential information and personal information; and develops cyber security measures.

Ⅱ Society

Questions in this chapter focus on whether the company properly respects human rights; prevents complicity in human rights violations; prohibits all forms of discrimination and harassment; complies with laws and regulations regarding working hours, leave, etc. and labor agreements; respects the ILO standards; reduces excessive working hours; respects basic labor rights, including employees' freedom of association and the right to collective bargaining; prohibits forced labor; prohibits child labor; gives due consideration to young workers; complies with legal minimum wage requirements and gives due consideration to living wages; establishes and implements a product quality management system; ensures safety of products and services; clarifies and complies with relevant laws and regulations, customer requirements, and internal quality control standards; properly manages chemical substances and complies with relevant laws and regulations; makes appropriate information disclosure for products and services; take proper measures in the event that an accident occurs or that a defective product should be shipped out; advances efforts to reduce any negative impact on local communities and contributes to local communities; manages suppliers; establishes a system necessary to ensure a stable supply of products and services; properly controls imports and exports; and responsibly procures raw materials.

Ⅲ Occupational Safety and Health

Questions in this chapter focus on whether the company properly establishes and implements an occupational safety and health management system; prepares emergency scenarios, including natural disasters and accidents, takes measures to improve facilities, formulates manuals for emergency response measures, and provides awareness-raising and training programs ; assesses safety and health risks, implements proper safety and health measures, and provides awareness-raising and training programs regarding safety and healthy information; provides a safe and hygienic work environment; implements proper health management measures; and categorizes and records cases of occupational accidents and illnesses, provides necessary treatment, and conducts investigations, reports, and takes remedial measures.

Ⅳ Environment

Questions in this chapter focus on whether the company properly establishes and implements an environment management system; properly controls and reduces chemical substances released to the environment; take measures to respond to climate change, such as greenhouse gas (GHG) emissions reduction and adaptation to climate change; properly manages, reduces, and responsibly treats and disposes of waste; sustainably and efficiently utilizes resources (energy, water, raw materials, etc.); and conserves biodiversity.

Sumitomo Chemical Group Supplier Code of Conduct

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

Sumitomo Chemical Group Sustainable Procurement Check Sheets

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

Procurement

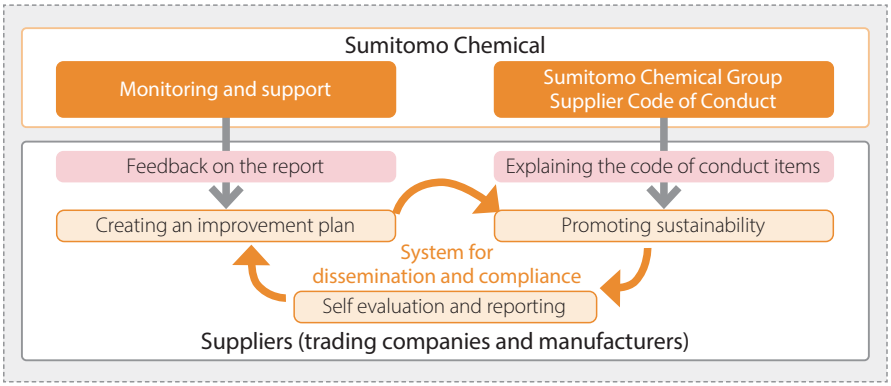
Promoting Sustainable Procurement throughout the Supply Chain

We have every new supplier gain a better understanding of Sumitomo Chemical's policies and stances through the Sumitomo Chemical Group Supplier Code of Conduct. We also have them fill out and submit the Sumitomo Chemical Group Sustainable Procurement Check Sheets. This enables us to do our due diligence regarding their compliance status, and, upon confirmation of satisfactory evaluation results, we begin doing business with them. Following that, we regularly monitor their compliance status and strive to prioritize procurement from those suppliers who are working hard to ensure sustainable procurement. We manage the data from the monitoring and periodically assess the content.

For suppliers whose initiatives have been determined to be insufficient according to their replies to the sustainable procurement check sheets, we furnish feedback, such as requesting confirmation of improvement plans, to raise awareness of and cooperation in ensuring sustainable procurement. Furthermore, for suppliers who have not shown improvement over the long term regarding important initiatives related to human rights and other issues, we designate them high-risk suppliers and offer more focused feedback and monitoring.

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

■ System for Promoting Sustainable Procurement throughout the Supply Chain



In addition to the initiatives above, from fiscal 2021, we have conducted detailed surveys of the Company's major suppliers through questionnaires specially focused on human rights (the human rights questionnaire). The questionnaires comprise two parts, questions confirming the existence of company-wide management systems and questions specially focused on human rights (the presence of human rights risks and the status of risk mitigation measures). We provide the results of the survey to all suppliers who respond. We also conducted engagement with each supplier that we wish to see promote further measures on an individual basis. This includes exchanging information on sustainability initiatives, sharing best practices in the Sumitomo Chemical Group, and supporting suppliers.

P.165 **Respect for Human Rights:** B. Supplier DD

Procurement

Initiatives Related to High-Risk Raw Materials

We formulated the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials in March 2020. We define high-risk raw materials as those that involve a high risk of having a negative impact on human rights in the supply chain (including but not limited to tantalum, tin, gold, tungsten, cobalt, mica, graphite, pulps, etc.). In line with the characteristics of each high-risk raw material, we promote initiatives aligned with the content of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). In line with this procurement policy, we designate high-risk raw materials and conduct due diligence.

In line with this policy, we extract data on all raw materials, including identified high-risk raw materials, from our internal database and regularly confirm its accuracy for subject suppliers using templates issued by the Responsible Minerals Initiative (RMI) or documents based on said templates. If we determine there is a problem, we request improvements be made, and, if we do not receive sufficient cooperation, we take appropriate measures, such as suspending procurement.

P.166 **Respect for Human Rights:** C. High-risk Raw Material DD

Promoting Sustainable Procurement throughout the Group

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

Supplier Information Exchange Meeting

Sumitomo Chemical regularly holds information exchange meetings with major suppliers and has introduced initiatives related to the sustainability of the Sumitomo Chemical Group. We aim to help realize a sustainable society throughout the supply chain by helping suppliers understand the Group's policies related to procurement activities.

Looking Ahead

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

Human Resources Management

Basic Policy

Human resources are the most important management resource, and securing highly motivated and capable personnel is the foundation of business operations. In addition, our business environment has become more complex and sophisticated. In these circumstances, it has become extremely important to secure personnel with broad knowledge and diverse skills, and to conduct training so that employees can maximize their abilities.

Against this backdrop, the Corporate Business Plan (FY2022–2024) sets forth one of its basic policies as promoting the securing and development of human resources from a long-term perspective and achieving sustainable growth through enhanced engagement.

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

Human Resources System Initiatives

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

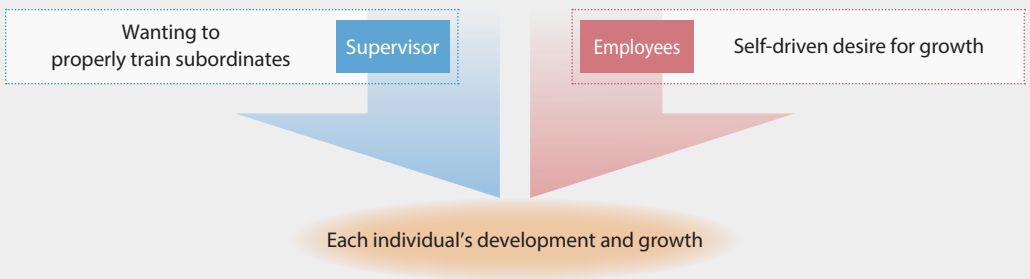
Accordingly, our annual performance evaluations are not limited to evaluating how well each employee fulfills their expected role and their achievements; it also evaluates how well said employee demonstrates their ability and acquires the knowledge and skills needed. The system thus contributes to individual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

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

Moreover, we have adopted a similar human resources system for managers at overseas Group companies to that for Sumitomo Chemical's managerial employees. We are working to develop personnel on a global level and provide opportunities for advancement.

■ Philosophy and Aims of the Human Resources System

Taking on challenges	The system will enable motivated and skilled employees to take on the challenges of larger roles.
Providing meticulous training	The system will flexibly respond to employees' choice of workstyle and career and will support meticulous training tailored to each individual's ambitions and suitability.
Supporting employees' desire for growth	The system will furnish employees with clear cut workplace models and help them track their progress.



The Group will achieve sustainable growth through the growth of each individual.

Human Resources Management

Characteristics of Our HR Systems

(1) Career Development Fields (CDFs)

To encourage the development and growth of each employee amid a time of diversifying ideas about career trajectories, we have incorporated career development fields (CDFs) into our HR systems. We decided to do this because we understand the importance of implementing from the medium- to long-term perspective placements and training in line with each employee's ability and suitability as well as based on their career goals. Planned placements and training are promoted in line with each employee's career goals, and employees are encouraged to take the reins when thinking about their careers.

■ CDFs

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

(2) Careers for Specialists

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

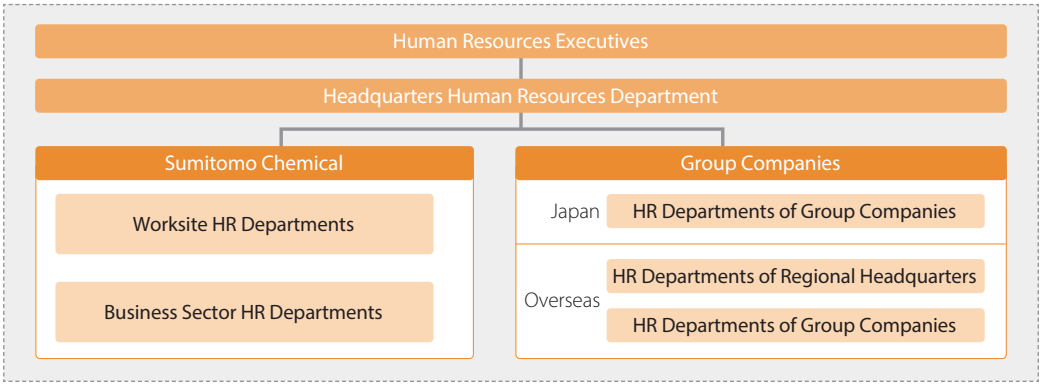
■ Careers for Specialists

Associates	Fellows
Associates refers to those who have particularly outstanding expert knowledge or capabilities, who are hard to replace in specific fields, and who can be expected to continue to make significant contributions in their field using that expertise	Fellows refers to those who, among the Sumitomo Chemical researchers who have produced particularly outstanding research results on the basis of their high-level expertise, and who are also recognized for their achievements outside the Company, are expected to contribute significantly to the research activities of Sumitomo Chemical in the future

Management System

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

■ Human Resources Management System



Human Resources Management

Sumika "Let's Do This Declaration"

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

Human Resources Management

Action Items

1 Work-Life Balance

We are fostering a work environment where it is easy to work and ensuring each employee feels a deeper sense of fulfillment through work-life balance.

① Stop long working hours!
As a general rule, we aim to eliminate long working hours (on average over 45 hours/month worked after regular hours and on weekends and holidays).

② Create an environment that makes it easy for employees to fully utilize work-life balance systems.
We are working to encourage employees to fully utilize systems for childcare, caregiving, illness treatment, and more, and to create an environment that makes it easy to use those systems.

③ Encourage employees to take at least 80% of paid leave and facilitate effective use of flextime system.
We aim for employees to take at least 80% of paid leave. We also facilitate the effective use of the flextime system for afternoon work (no core time).

④ Prohibit business instructions that would require holiday or late-night work.
As a general rule, we do not delegate or carry out tasks that are predicated on working late-night overtime or on days off, such as an email asking for a reply on a day off.

⑤ Cooperative framework in the workplace.
Supervisors manage subordinates in a way that burdens are not distributed unevenly. Employees carry out tasks with a genuine feeling of cooperation and support in close communication with each other.

2 Activities by All Employees (DE&I)

Through DE&I, we are working to enable employees and the Company to develop.

⑥ Active roles for everyone regardless of gender!
We will ensure anyone can thrive in the workplace and enhance employee capabilities regardless of gender and age.

Relevant KPI: Achieve at least 15% of employees promoted to managerial positions (equivalent to section manager) being female over the 5 years between FY2023 and FY2027 on average

⑦ Let's eliminate preconceptions and assumptions!
We will eliminate assumptions about the fixed division of roles and unconscious bias, e.g., thinking you have to do something "because I'm a man/woman."

Relevant KPI: Achieve at least 90% of male employees who have taken extended childcare leave or other childcare-related leave due to the birth of a child during the current fiscal year.

⑧ Let's build a hybrid human resource group!
We will flexibly incorporate and leverage the different abilities and ideas of diverse human resources to help invigorate the workplace and grow the organization.

⑨ Encourage active roles for people with disabilities.
The Company and Sumika Partners Co., Ltd. have come together to provide an environment where people with disabilities can thrive. Everyone in the workplace offers support as fellow workers.

⑩ No harassment!
Aiming for complete eradication, we will not tolerate any form of harassment, including power harassment, sexual harassment, maternity harassment, paternity harassment, or SOGI* harassment.

* SOGI harassment: harassment related to sexual orientation and gender identity

Human Resources Management

3 Development and Growth

Through development and growth, we are working to enable employees and the Company to develop.

⑪ Invest in growth for everyone.

We will continue to invest 300,000 yen per person* per year in education for the growth of our employees, who constitute our human capital.

* Direct costs, off-the-job training opportunity costs, on-the-job opportunity costs

⑫ Support the desire to learn.

We offer a learning platform that enables employees to learn and grow for themselves regardless of when they joined the Company or their age.

Relevant KPI: 50% or more of all employees taking self-selected training programs by fiscal 2024

⑬ Study every day, grow every day.

We aim for 10% of work time to be used for training and work study to cultivate more professionals.

⑭ Strive to enhance management capabilities!

We strive to enhance management capabilities, with managerial employees learning every day.

Target 1: 800 or more people taking training courses to enhance management capabilities per year.

Target 2: Receive 80% or higher positive responses to the following questions in the employee opinion survey.

- Supervisors clearly point out issues regarding the achievement of workplace targets.
- Supervisors proactively guide and advise subordinates on how to enhance their capabilities.

⑮ Allow people to take on challenges and demonstrate their growth.

We allow subordinates looking to grow to take on challenges, for example, to try work designated for personnel one rank above their current rank. Subordinates give their all to tackle these new challenges.

4 Healthcare

Under the slogan of "Good health is a prerequisite for good work and a good life!" we are undertaking specific action plans in the five fields of meals, exercise, sleep, quitting smoking, and mental health.

⑯ Revise eating habits, achieve a healthy weight.

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

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

⑰ Exercise a little and stay healthy forever!

Use downtime to exercise regularly every day.

- Establish walking habits (10,000 steps per day).
- Enhance exercise and training environments.
- Everyone should work out together after lunch.

⑱ High performance depends on quality sleep.

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

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

⑲ Smoking does nothing but harm.

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

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

⑳ Don't forget to take care of your mental health.

Fostering fuller workplace communication and eliminating stress in your own way.

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

Human Resources Management

5 Initiative to Enhance Productivity

By using digital tools and constantly revising work methods, we are enhancing productivity and promoting rational, efficient, and creative work.

㉑ Always review work goals and methods.

Do not rely on old ways of thinking. Constantly think of methodologies aligned with this era and work that is currently in demand.
Target 1: Reduce current workload by 10%.
Target 2: Receive 80% or higher positive responses to the following questions in the employee opinion survey.
In my workplace, I can say anything about work without being conscious of my rank, age, gender, or other characteristic

㉒ Make the use of digital technologies the default.

Everyone in the Company, from top management to employees, utilizes digital technologies more than ever to create value and revise operations!
Target 1: Everyone takes basic digital education courses.
Target 2: Go paperless (to under 20 million sheets).
Target 3: Improve operations by at least utilizing digital tools in the work place.

㉓ Eliminate excessive quality, streamline your work.

Do not assume too much. Do not hesitate to confirm your partners' intentions and clarify communications in order to stay on track and eliminate excessive quality.
- Superiors clearly point out "what, why, and by when." Subordinates confirm.
- Report when 30% done.

㉔ Maximize the added value of meetings.

Meetings are for discussion and decision making.
- Target halving the number of meetings and attendees as well as their duration compared with FY2019.

㉕ Put customers first!

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

Communication with Employees

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

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

Furthermore, the Company and labor union have concluded a union shop agreement, ensuring that 100% of general employees at the Company are enrolled in the labor union. The percentage of union employees among all the Company's employees is 68%.

Human Resources Management

Work-Life Balance

Basic Policy

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

Management System

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

From 2020, we delegated these functions to the labor-management committee for promoting the Sumika "Let's Do This Declaration" as we strive to be more constructive.

Targets and Results / Examples of Initiatives

To encourage work-life balance, Sumitomo Chemical established key performance indicators (KPIs) along with three main targets: ① Correct long working hours, ② Encourage employees to take paid annual leave, and ③ Promote flexible workstyles. We implement various measures to achieve these targets.

Human Resources Management

Measures to Promote Work-Life Balance

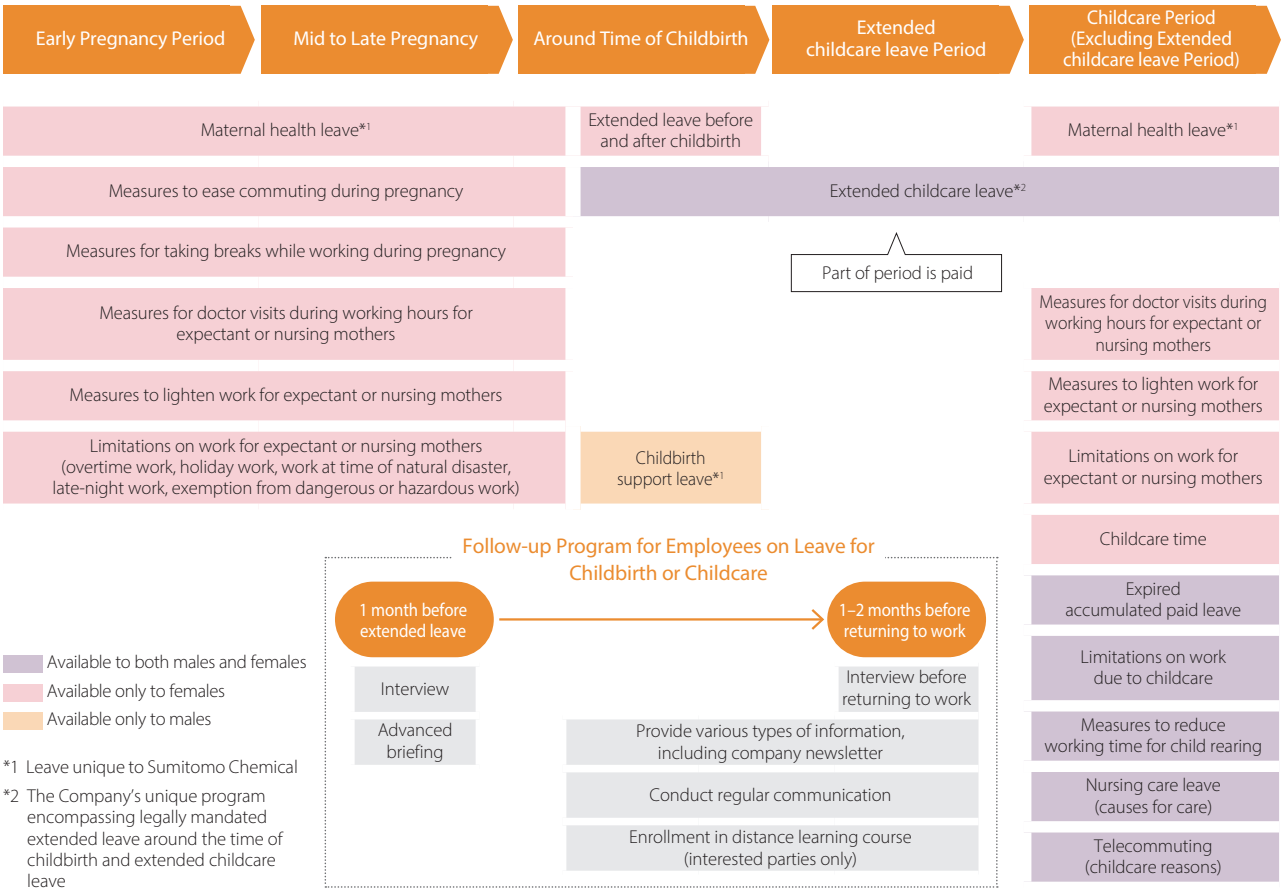
	KPI	Measure Details
① Correct Long Working Hours	Aim to eliminate long working hours as a general rule (on average over 45 hours/month worked after regular hours and on weekends and holidays) from fiscal 2020.	**A. Enhance Productivity by Utilizing Digital Tools** Enhance productivity by utilizing digital platforms and tools, automate and enhance efficiency of operations by proactively utilizing robotic process automation (RPA), conduct training for effectively utilizing digital tools, etc. **B. Improve productivity by promoting a better work-life balance** Regularly convene the Labor-Management Committee consisting of labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc. **C. Promote initiatives for the Sumika "Let's Do This Declaration"** We declared details related to work-life balance in the Sumika "Let's Do This Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the elimination of long working hours as an action item. **D. Appropriately Manage Working Hours and Health** • Reduced the upper limit on overtime work from April 2017 (upper limit: 80 hours per month and 720 hours per year) • Regarding the occupational physician interviews for people working long hours mandated by the Industrial Safety and Health Act, we have been enforcing our own guidelines, which are more stringent than legally mandated, requiring interviews for people who work 70 hours or more of overtime in one month or 150 hours or more in a three-month period • From March 2018, we established an even more appropriate work management system by displaying computer logon and logoff times when reporting work hours, moving away from the existing system for reporting work hours.
② Encourage Employees to Take Paid Annual Leave	Realize an average of 80% of paid leave taken annually from fiscal 2020.	**A. Create an annual leave chart that covers several fiscal years** Every year create an annual leave chart that covers several fiscal years to make it easier to plan far into the future and help encourage employees to take paid leave. **B. Encourage employees to take paid leave** • Encourage employees to take paid leave during Golden Week and other similar periods • Encourage employees to create four-day weekends by adding days of paid leave to either side of weekends and promote taking time off in the September–November period • Encourage senior employees to take paid leave **C. Continue to systematically provide paid leave** Systematically provide five paid-leave days every year (does not include statutory leave) **D. Promote initiatives under the Sumika "Let's Do This Declaration"** We declared details related to work-life balance in the Sumika "Let's Do This Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the use of 80% of paid leave as an action item.
③ Promote Flexible Workstyles	• Achieve at least 90% of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year*	**A. Promote and raise awareness about programs** Continually promote and raise awareness about various programs that enable employees to flexibly adjust for their individual needs, including those related to life events like childcare and caregiving. In addition, encourage male employees with newborns to take extended childcare leave. **B. Foster an environment that allows the realization of flexible workstyles** By taking the measures outlined above in the action plan for ① Correct Long Working Hours, create an environment where it is easy to improve the productivity of employees and their workplaces and to realize flexible workstyles. **C. Promote initiatives under the Sumika "Let's Do This Declaration"** We declared details related to work-life balance, DE&I in the Sumika "Let's Do This Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have set the following action items: creating an environment that makes it easy for employees to fully utilize work-life balance systems, facilitating the effective use of the flextime system, establishing a cooperative framework in the workplace, and eliminating unconscious bias (including the assumption of fixed roles for men and women).

* In the case of children aged one to three months, calculated as the portion taken by the end of the following fiscal year

Human Resources Management

★: Assured by an independent assurance provider

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



*1 Leave unique to Sumitomo Chemical

*2 The Company's unique program encompassing legally mandated extended leave around the time of childbirth and extended childcare leave

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

(No. of people)

	System/Measure		FY2020	FY2021	FY2022
Childcare/Nursing Support	Extended childcare leave	Total	476	524	480★
		Male	374	427	411★
		Female	102	97	69★
		Percentage of men*1	63.8	73.5	77.4
	Extended leave for nursing care		4	1	2
	Nursing care leave		133	156	184
	Childbirth support leave		171	174	179
	Maternal health leave		41	44	34
	Expired accumulated paid leave*2		136	179	175
	Reduced working hours system		159	179	173
	Telecommuting*3		41	131	224
	Reemployment system*4		6	4	9
	In-house childcare facilities*5		136(101)	125(88)	121(83)
	Mutual aid association support money for childcare*6		112	116	120
Other	Suspension from work for special reasons for employees accompanying spouses going on overseas transfer*7		2	1	3
	Employee awareness survey*8		—	—	Conduct

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

*1 The percentage is the number of people who have taken extended childcare leave during the relevant period divided by the number of male employees who have had children in the relevant period.
*2 Only for childcare and nursing care
*3 Number certified in each fiscal year (for childcare, nursing care, pregnancy, and other reasons that make coming into work more difficult)
*4 Number registered as of the end of each fiscal year
*5 Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical. The figures in parentheses are the number of Sumitomo Chemical users.
*6 Aggregate number of people at end of each fiscal year
*7 Number of applicants as of the end of each fiscal year
*8 Conducted once every three years (slated to be conducted once every two years starting from 2022)

Human Resources Management

Employee Awareness Survey

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

2022 Employee Awareness Survey

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

Item	Average employee rating
I am motivated to grow on my own using digital technologies.	4.0
The workplace culture allows people to easily go home.	4.1
The working environment is conducive to easily working while raising children or caregiving.	4.0
Going forward, I want to work at the Company.	4.1
In my workplace, there is no discrimination based on gender, age, birthplace, or nationality.	4.0

Daycare Facilities at Worksites

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

Support for Childbirth and Childcare

For employees to achieve work-life balance, Sumitomo Chemical operates generous systems, for example, it offers a system that allows for a period far longer than is legally required for extended childcare leave (up to 3 years, 11 months) and a system that offers male employees leave to support their spouses during childbirth.

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

Kurumin Mark

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

This certification was in recognition of our third round of initiatives covering the period between June 2012 and March 2015. The first certification covered the period between April 2005 and May 2007, the second one covered the period between June 2007 and May 2012, the third one covered the period between June 2012 and March 2015, and the fourth one covered the period between April 2015 and March 2020. The Company was commended for its initiatives to help promote work-life balance, such as expanding in-house childcare facilities and encouraging employees to take various forms of leave. (We are currently applying for our fifth certification.)

Next-generation Kurumin certification mark

Human Resources Management

Diversity, Equity, and Inclusion (DE&I)

Basic Policy

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

Group Diversity, Equity, and Inclusion Policy

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

In addition, we are promoting various initiatives to prevent workplace discrimination and harassment and to ensure that people of all different backgrounds can thrive.

P.158 Respect for Human Rights

P.28 Key Performance Indicators (KPIs) for Material Issues: DE&I, development & growth, health

Management System

For management systems for promoting DE&I, refer to the management systems for work-life balance.

P.182 Work-Life Balance: Management System

Targets and Results

To promote DE&I, the Group set specific KPIs centered on basic principles related to DE&I for around 100 of the major Group companies and is promoting relevant measures. Moreover, when setting the KPIs, we established the following three points as Critical Success Factors for the promotion of DE&I.

◆ Critical Success Factors (CSFs)

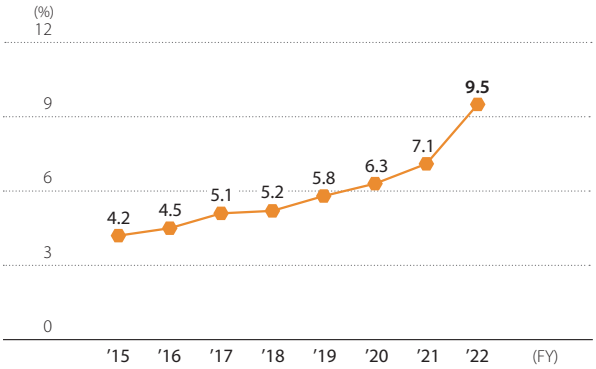
(1) Employ and develop diverse human resources, including those at senior management level
(2) Implement measures to empower diverse human resources
(3) Enhance diversity and inclusion awareness among managers and employees at all levels, and implement measures to build an inclusive culture that empowers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

Human Resources Management

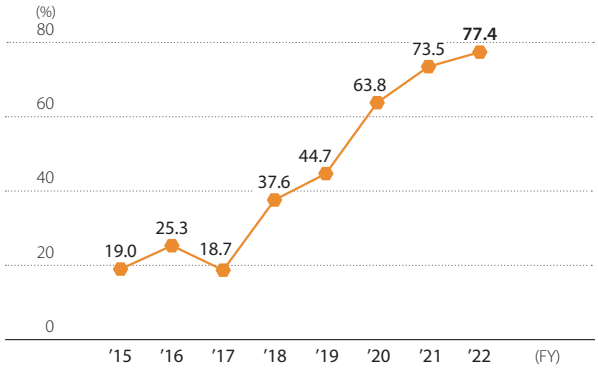
Sumitomo Chemical (Non-Consolidated): Results of KPIs (FY2016–2022)

1. Have women in at least 10% of positions equivalent to managers or above
2. At least 70% of male employees taking extended childcare leave

Percentage of women in positions equivalent to managers or above (female manager rate)



Percentage of male employees taking extended childcare leave



Sumitomo Chemical (Non-Consolidated): New KPIs (FY2023–2027)

Sumitomo Chemical set a new KPI focusing on the promotion rate to managerial positions as a measure that can reflect the total progress of measures to promote the advancement of women, including recruitment, training, promotion, and environmental improvement, in line with the Company's basic human resources policy of focusing on growth and development from a medium- to long-term perspective.

1. Percentage of employees promoted to managerial positions (equivalent to section manager) being female
   Target: Over 15% over the 5 years between FY2023 and FY2027 on average
2. Percentage of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.
   Target: Over 90%

Progress on the setting of KPIs at Group companies in Japan and Overseas

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

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

Human Resources Management

Examples of Initiatives

Promoting the Active Advancement of Women

As a part of our DE&I promotion efforts, we are actively taking measures to create an environment where even more women can thrive. Sumitomo Chemical has outlined the following targets in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and is implementing the specific initiatives detailed below.

Sumitomo Chemical Co., Ltd. Action Plan

1. Plan period:
From April 1, 2023 to March 31, 2028

2. Targets, initiative details, and implementation period

Target 1 Achieve at least 15% of employees promoted to managerial positions (equivalent to section manager) being female over the 5 years between FY2023 and FY2027 on average

Initiative Details

- Diversity management training
We hold diversity management training that helps us practice diversity management (leadership, human relations skills) and comprehend unconscious bias.
Eligible employees: Mandatory for all people in positions equivalent to manager or above (managerial employee MGI grade)

- E-learning related to unconscious bias
We hold e-learning training with the purpose of raising awareness and recognition related to overall unconscious bias.
Eligible employees: All employees and management executives

- Internal lectures to help promote diversity, equity, and inclusion
We hold lectures related to the significance of DE&I and the importance of providing growth opportunities through operations.
Eligible employees: All grades equivalent to manager or above (managerial employee MGI grade)

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

- Conducting career design training
Conduct training to form career image based on balancing work and life for young employees.
Eligible employees: Young employees (grades Ⅱ and Ⅲ)

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

Target 2 Achieve at least 90% of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year*

Initiative Details

- Implement measures to raise awareness of program details and encourage men to take extended childcare leave
Continuously implement awareness-raising measures related to the Company's various programs to flexibly respond to individual situations, including such life events as childcare and nursing care. In addition, we implement measures to encourage male employees with newborn children to take extended childcare leave and their supervisors to accommodate them.

Human Resources Management

Details of Measures

- Male employees with newborn children, as a general rule, plan two or more weeks of extended childcare leave and submit the plan to the human resources department via their manager
- If leave is not taken, the reason is submitted to the human resources department via their manager

- Improve environment to realize flexible workstyles

  By utilizing digital tools and work-life balance to enhance productivity, we will further enhance the productivity of workplaces and individuals and foster a workplace environment where flexible workstyles can be easily achieved.

- Take measures to promote use of programs

  (1) Through labor-management committee meetings and other meetings, we determine specific user needs and ways to improve various programs. We then use this information to help craft and implement measures to promote greater use of the programs.

  (2) In the Sumika "Let's Do This Declaration," in which we proclaim those values and views of importance to us as a company, we have set the following action items: creating an environment that makes it easy for all employees to fully utilize work-life balance systems , including male employees to take extended childcare leave, facilitating the effective use of the flextime system, and establishing a cooperative framework in the workplace. To this end, we have implemented various relevant initiatives.

* Regarding children aged one to three months, calculated for the portion taken as of the end of the following fiscal year.

Internal Lecture Helping Promote DE&I

From 2013, we have invited experts on various topics (women's advancement, equal gender participation, promotion of inclusion, and more) to hold internal lectures. We heard the call for further promoting DE&I among a wide range of people, from top management to general employees. In fiscal 2022, a lecture was held on the key perspective for building an organization that embraces diverse members for workplace managers (general managers and section managers).

Diversity Management Training

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

Encouraging Male Employees to Take Childcare Leave

As a general rule, male employees who have had children plan to take at least two weeks of childcare leave in total and submit plans for such leave. By default, the application assumes that eligible employees will take the childcare leave they are offered; should they decide not to take it, they must state the reason why on the application. Through these initiatives, we have increased the percentage of leave taken and, since fiscal 2021, have achieved the KPI of "at least 70% of male employees taking extended childcare leave."

Joining the Ikuboss Corporate Alliance

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

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

Hiring Personnel with Diverse Skill Sets and Qualities

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

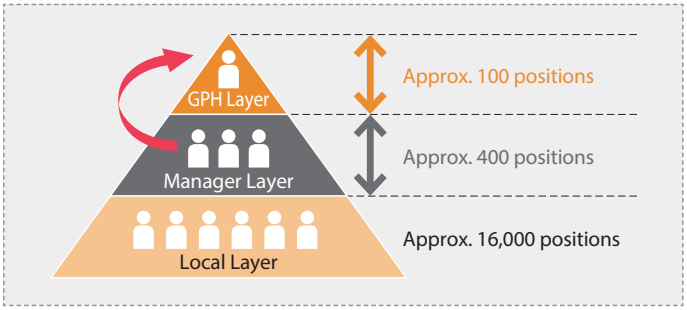
Human Resources Management

★: Assured by an independent assurance provider

Promoting the Utilization and Advancement of Global Personnel

To enhance personnel who support the global business development of each Group company, Sumitomo Chemical has introduced a personnel system common to Sumitomo Chemical managerial employees for managers at overseas Group companies. In addition, we actively hire local employees for major positions at overseas Group companies and appoint global position holders (GPHs) as core personnel for the Group, providing them with opportunities for advancement and personnel training that include learning about our corporate philosophy.

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



Promoting the Hiring of Persons with Disabilities

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

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

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

Sumika Partners Co., Ltd. (Japanese only)

https://www.sumika-partners.co.jp/

■ Achievements in DE&I (Sumitomo Chemical)

Name	Concept	FY2020	FY2021	FY2022
Number of women in positions equivalent to manager or above*1	In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of women in positions equivalent to sectional manager or above and systematically promotes female employees.	123	139	194★
Percentage of women in positions equivalent to sectional manager or above (%)*1		6.3	7.0	9.5★
Employment rate for people with disabilities (%)*2	Sumika Partners Co., Ltd., a special subsidiary, began operations in April 2018, and we are working to expand employment opportunities for persons with disabilities who are motivated to work, including at Group companies in Japan that have received approval as special affiliated companies.	2.56	2.56	2.54★
Reemployment of retiree rate (%)*3	Sumitomo Chemical has established a retiree reemployment system that enables a variety of workstyles while appropriately reflecting the motivation and abilities of each person.	95.0	91.2	93.8

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

*1 To align the securities report and the reporting fiscal year, we changed the calculation time point from April 1 of each fiscal year to the following April 1 of each fiscal year.

*2 As of June 1 of each fiscal year
Group companies that have received approval as special affiliated companies:
FY2020: Group companies in Japan: 4, FY2021: Group companies in Japan: 6, FY2022: Group companies in Japan: 8

*3 As of March 31 of each fiscal year

Equal Pay for Equal Work

In line with the main purpose of the revised Part-time and Fixed-term Employment Act and the Worker Dispatching Act—ensuring equal pay for equal work—we revised the compensation for part-time employees, fixed-term employees, and employees dispatched to the Company. Going forward, we will provide explanations to eligible employees upon demand.

Human Resources Management

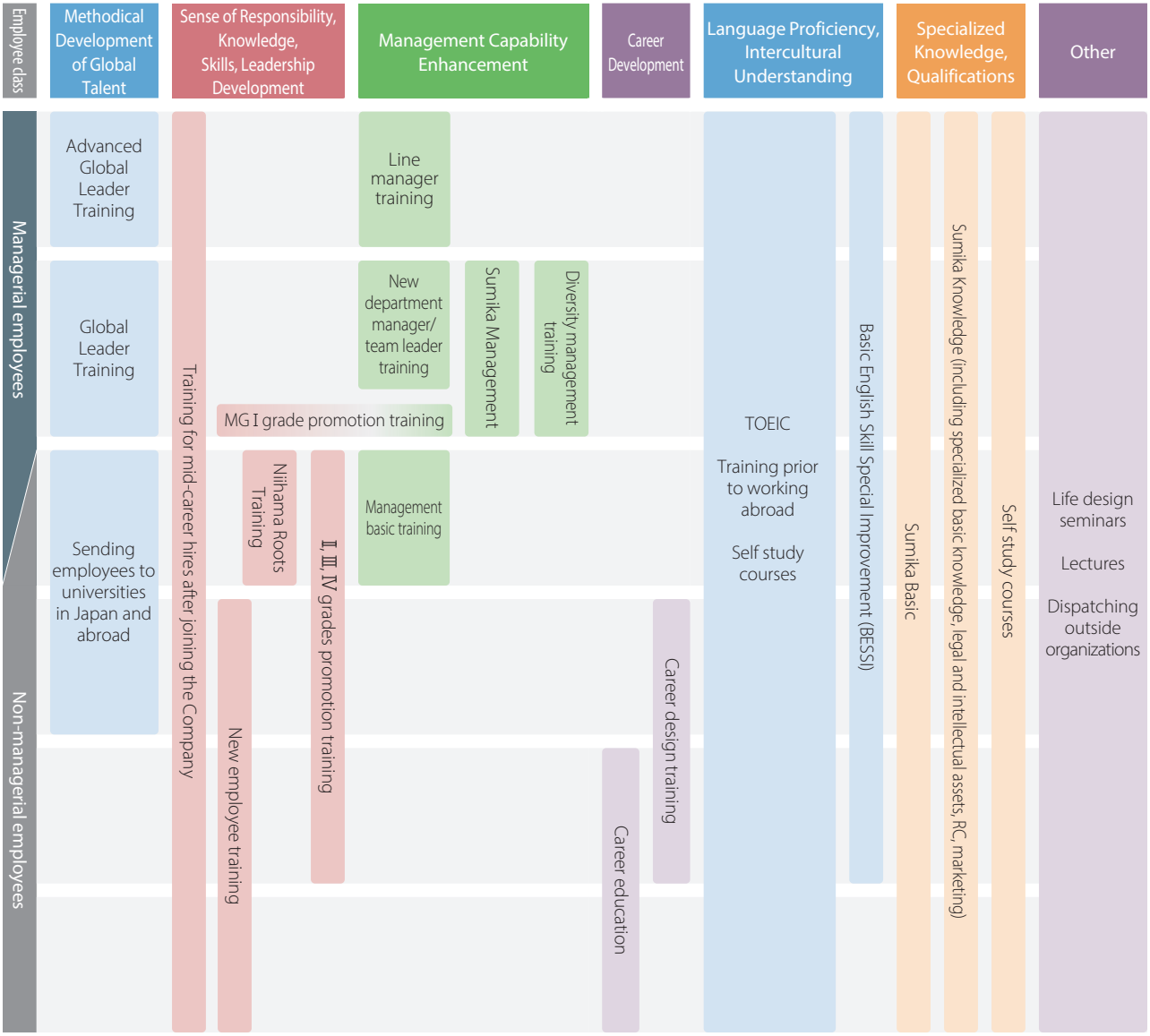
Human Resources Development and Growth

Basic Policy

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

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

■ Organization of Training Programs



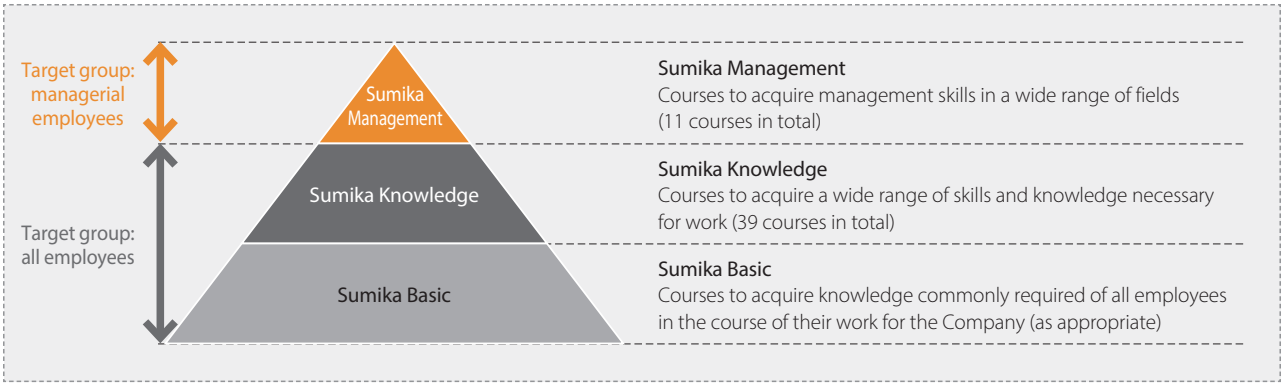
Note: The Company conducts in-house training courses in the areas of compliance, human rights, sustainability, and health maintenance and improvement

Human Resources Management

Targets and Results / Examples of Initiatives

Since FY2022, we have provided a learning platform called the SUMIKA Learning Square to enable all employees to update their knowledge and skills as and when necessary, regardless of their age, job title, or other such factors, thereby supporting autonomous and voluntary learning.

SUMIKA Learning Square



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

Specifically, we offer a broad range of content open to all employees, including a comprehensive MBA curriculum spanning business basics to practical application, DX skills training, leadership training programs, an online language learning program for English and eight other languages, and an online English business writing course, and other programs. We are also working to raise the level of and strengthen the knowledge, skills, and language abilities of employees in global business development.

KPI

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

Investment in Training (Sumitomo Chemical)

FY2022 Results	Target
Approx. **350,000** yen/year per person	300,000 yen/year per person or more continuously

Time Spent on Training (Sumitomo Chemical)

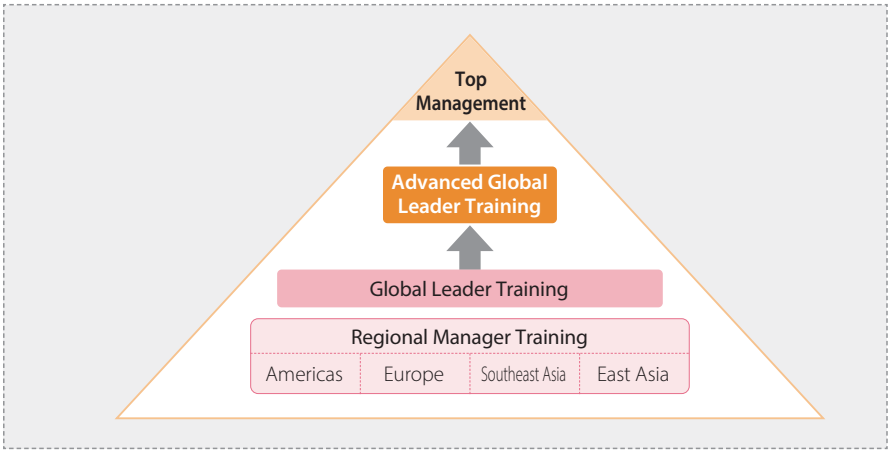
FY2022 Results	Target
Approx. **138** hours/year per person (8% of regular working hours)	Aim to spend 10% of work time on training or studying for work

Human Resources Management

Methodical Development of Global Talent

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

Next-Generation Leader Development System



(1) Advanced Global Leader Training

In our Advanced Global Leader Training for general managers inside and outside of Japan, we instill management perspectives and insights among participants through lectures and discussions featuring the Company's executive officers and external experts.

(2) Global Leader Training

In Sumitomo Chemical's Global Leader Training for managerial employees both inside and outside of Japan, Sumitomo Chemical has worked with a graduate school of business with the goal of developing the employees' ability to propose and conceptualize business strategies. They decide on their own topics and provide advice on the content of these specific initiatives to the President and others in management.

Training for Development of Global Talent (for select participants)

(No. of people)

Name	Approach	FY2020	FY2021	FY2022
Development of Global Talent	In order to create global leaders who will play a central role in management and to develop talent that supports our global business operations, we systematically conduct various training programs.			
(1) Advanced Global Leader Training	Our global leader training program focuses on action learning.	—	14	13
(2) Global Leader Training	Conduct training programs to develop the next generation of leaders.	27	27	14

FY2022 Results

Participants **27** (breakdown: 23 men, 4 women)

Average time **58** hours per person

Human Resources Management

Management Skills Enhancement Training

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

■ Management Skills Enhancement Training (required for all eligible employees)

(No. of people)

Name	Approach	FY2020	FY2021	FY2022
Management basic training	Training that promotes the systematic understanding of basic management principles and enables the practice of skills that can be used in the workplace	213	237	184
New department manager/ team leader training	Training for developing and guiding subordinates as well as managing workplaces from the perspective of risk management, including the authority of management supervisors in the Labor Standards Act	89	86	65
MG I grade promotion training	Training for management-level employees aimed at fostering self-awareness regarding their roles and occupational duties along with cultivating strong self-actualization and at changing their mindsets as organizational leaders	118	158	126
Training for new line managers	Training that depicts scenarios for transforming organizations and deepening knowledge through learning aimed at instilling the knowledge and perspectives needed in a general manager	—	—	25
Training in communicating with subordinates	Training on feedback methods used to develop subordinates and ensure understanding of basic communication policies	123	183	55
Diversity management training	Training covering management capabilities, including how to influence organizational performance, and the management qualities and skills needed to gather diverse personnel and guide them on teamwork and achieving goals	230	219	269

FY2022 Results

Participants **724**

Average time **7** hours per person

System for Passing on Skills and Developing Personnel

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

(No. of people)

Name	Approach	FY2020	FY2021	FY2022
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to facilitate development.	62	64	58
Senior Training Advisor System	Supervisors and potential supervisors are provided OJT to develop core personnel for manufacturing departments.	9	8	8
Advanced Maintenance Specialists Certification System	People who have high practical knowledge and a wealth of experience in maintaining equipment promote measures to take the Company's safety level to the next level.	—	—	20

Looking Ahead

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

Human Resources Management

Healthcare

Basic Policy

To ensure that employees can live healthy and active lives both physically and mentally, Sumitomo Chemical is promoting a variety of health support programs to help solve employee health issues and on the other hand improve employee health.

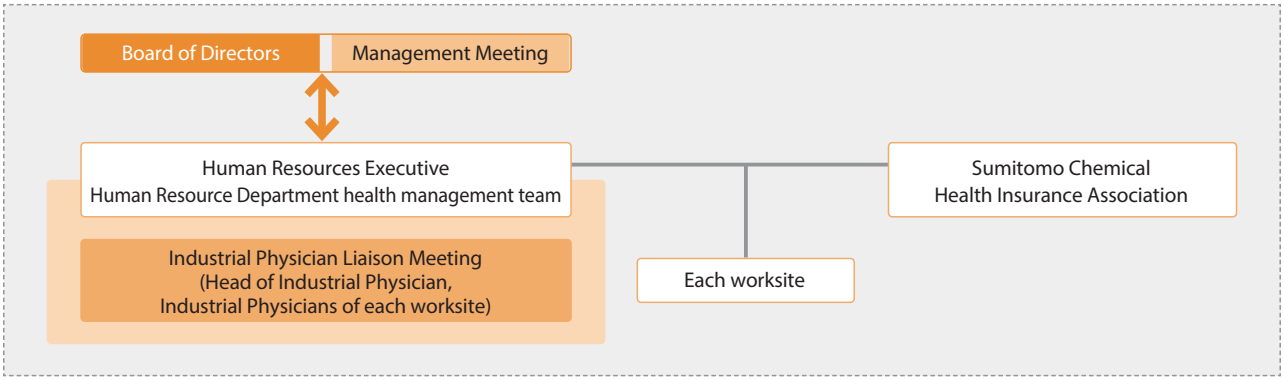
Management System

The Board of Directors and the Management Meeting seize opportunities to receive reports and hold discussions on the status of employee health and the direction of initiatives addressing various issues. At the annual liaison meeting of industrial physicians, the head of industrial physician and the industrial physicians of each worksite hold discussions and their opinions are being sought when deciding on Company-wide measures and targets. Moreover, the industrial physicians, medical staff (public health nurses, registered nurses, etc.), and health managers of each worksite work together to implement measures to maintain and promote employee health in collaboration with the Company and the Health Insurance Association.

Furthermore, at Health Manager Meetings, the progress of Company-wide measures at each worksite and the measures taken at each worksite are shared and the results are assessed. The Health Management Promotion Committee shares financial status of the Health Insurance Association's healthcare business and medical expenses.

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

■ Promotion System for Health Maintenance and Promotion Measures



Human Resources Management

Targets and Results / Examples of Initiatives

To maintain employee health both physically and mentally, we are implementing the following initiatives.

Physical Health

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

Initiatives Aligned with the Health Insurance Association

(1) Specified health checkups and specified health guidance
- We expanded the eligible age range for specified health guidance to include all ages as we work to prevent lifestyle diseases with the goal of ensuring 100% of employees receive such guidance.
- We analyze results and medical questionnaire responses to study employee health.

(2) Smoking cessation support programs
- We have banned smoking during work hours and on the Company's premises as a general rule and are supporting employees' smoking cessation efforts through specialized programs in conjunction with the Health Insurance Association.

Initiatives Promoted by Sumitomo Chemical (Non-Consolidated)

(1) Sleep improvement programs
- We introduced programs to improve sleep quality under the guidance of experts who use sleep monitoring devices to observe employees while sleeping and apps to visualize their sleeping issues. Ensuring employees get better sleep leads to improved health outcomes and helps employees give their best performance.

(2) Enhancing exercise and physical training environments
- We are promoting embedding of exercise habits by providing more and better opportunities for exercise, including increasing the number of physical training facilities we partner with (increased from approx. 420 facilities to approx. 5,800 throughout Japan).

Human Resources Management

Mental Health

We have been cooperating with medical staff to properly perform the stress checks required by law for companies. We are working to prevent mental health problems by encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Employees can receive counseling from the Company's medical staff. We have also set up external counseling services available to employees for individual counseling.

We also carry out group analysis through stress checks, and while analyzing trends at worksites and workplaces, we provide feedback to workplaces and select themes for lectures, etc., in an effort to provide mental healthcare to our employees.

Additionally, during the new employee training and the grade-based promotion training, we hold appropriate mental healthcare training for participants eligible for training, encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Besides, we produced lecture videos on mindfulness, which is said to contribute to building good human relationships and increasing productivity, and released them in-house as part of our efforts to improve the mental healthcare environment.

■ KPI

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

Health & Productivity Management Outstanding Organization (White 500)

After analyzing medical examination results and questionnaire responses, we set quantifiable targets, such as improving BMIs, and take various measures to maintain and promote employee health.

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

2023 健康経営優良法人 Health and productivity ホワイト500

■ Percentage of regular health checkups*

FY2021
99.4%
Previous year 99.3%

■ Percentage receiving a full medical checkup*

FY2021
67.0%
Previous year 54.0%

■ Adequacy rate of BMI*

FY2022
67.4%
Previous year 67.6%

■ Smoking rate*

FY2021
15.8%
Previous year 17.5%

■ Percentage receiving specific health guidance*

FY2021
83.8%
Previous year 84.9%
Note: 40 years old and over

■ Stress check examination rate*

FY2022
94.0%
Previous year 94.3%

■ Participation in health events*: (Walking events)

FY2022
41.7%
Previous year —
Note: Calculation has begun in FY2022

* All figures are on SC only basis.

Looking Ahead

Sumitomo Chemical will continue creating and implementing various initiatives to maintain and promote the health of employees in line with the belief that personnel are the most important management resource. Furthermore, we will assess the results of these initiatives, make improvements, and run the PDCA cycles in our continuing efforts to develop more effective measures and support employee health.

Occupational Safety and Health / Industrial Safety and Disaster Prevention

Basic Stance

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

Sumitomo Chemical has acquired OSHMS*1 certification at its worksites. In addition, the Company implements PDCA cycles that support a host of measures on the path to realizing improvements based on risk assessments. These safety-related measures and their results are reviewed at the end of each fiscal year by the Responsible Care Committee, which is headed by the President. The reviews ensure a continuous connection to future fiscal years' cycles, thereby strengthening safety and health activities that prevent accidents.

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

Core Principle: Making Safety Our First Priority

Raison D'être for the Core Principle

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

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

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

Management System

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

In addition, Safety and Health Committees*2 (called the Safety & Health Committee at some worksites) comprising labor and management representatives are convened every month at each worksite of Sumitomo Chemical and Group companies in Japan. The committees investigate and deliberate matters related to safety and health risks to all employees at worksites and promotes specific measures in unison with labor and management. The minutes of the meetings of these committees are shared with all employees within the worksites. Group companies overseas also share policies and initiatives related to safety, health, industrial safety, and disaster prevention through the Global Meeting and other meetings.

*2 Worksites with 50 or more employees

P.89 Organization of Responsible Care

Occupational Safety and Health / Industrial Safety and Disaster Prevention

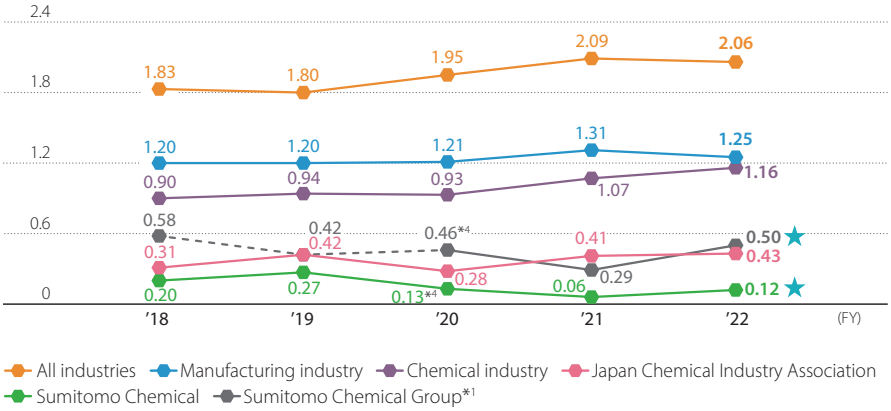
★: Assured by an independent assurance provider

Goals and Results

Occupational Safety and Health

The Sumitomo Chemical Group*1 targets a frequency rate of lost-workday injuries*2 of under 0.1, but its rate was 0.50 in fiscal 2022, or a total of 44 injuries, failing to meet the target. Moreover, while the Group has set a goal of zero severe accidents,*3 a contractor at a Sumitomo Chemical facility recorded one fatal accident in fiscal 2022, the same number of severe accidents as the previous fiscal year, failing to meet the target. On a non-consolidated basis, Sumitomo Chemical recorded a frequency rate of 0.12 (lost-workday injuries: 2) and a severity rate of 0.005 in fiscal 2022, while contractors and other affiliate companies recorded a frequency rate of 0.63 (lost-workday injuries: 6) and a severity rate of 0.80.

Frequency Rate of Lost-workday Injuries



Lost-workday Injuries (Sumitomo Chemical Group*1)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of lost-workday injuries	35	27	40	26	44

Disaster Prevention

Regarding the fatal accident at the Ehime Works in November 2021, all management executives and employees have gravely accepted the seriousness of this accident, identified problems, and thoroughly debated preventive countermeasures. We have implemented the following initiatives.

(1) Revisions were made to the Development and Commercialization Regulations to include a method for taking intrinsic safety into account. A review meeting that confirms fundamental safety has been newly established and is being carried out.

(2) Using a third-party agency, we perform partnership surveys with each of our partner companies and implement necessary measures.

(3) Having performed a zero-based review of our safety-related activities to date, we continuously carry out these activities within the framework of our management system. In addition, to prevent a recurrence at Ehime Works, we are promoting facility countermeasures, including those to address root causes.

We reaffirm the core principle of "Making safety our first priority," are keenly aware of our mission to protect precious life, and will continue working with all our might to ensure this kind of tragic accident never occurs again.

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

*2 Scope of frequency rate:
Employees of Sumitomo Chemical (including contractors) and consolidated subsidiaries (excluding one overseas consolidated subsidiary), including temporary employees, part-time staff, and dispatch employees.
Calculation of hours worked:
For the number of hours worked by consolidated Group subsidiary employees, the Company uses an estimate reached by multiplying the number of employees by 1,928 hours (Sumitomo Chemical's standard number of hours worked annually). (For the number of hours worked by Sumitomo Chemical employees (non-consolidated) and contractors, the Company uses the actual number of hours recorded.)

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

Occupational Safety and Health / Industrial Safety and Disaster Prevention

Industrial Safety and Disaster Prevention

The Sumitomo Chemical Group*1 achieved the target of "no severe industrial accidents"*2 in fiscal 2022.

In addition, there were ten industrial accidents, which are minor accidents whose scale does not reach that of a severe industrial accident, in fiscal 2022. We will work to enhance industrial safety management and quickly share the causes of the minor industrial accidents and the lessons learned across the entire Sumitomo Chemical Group.

■ Severe Industrial Accidents (Sumitomo Chemical Group*1)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of severe industrial accidents	0	0	0	1	0

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

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

Examples of Initiatives

Occupational Safety and Health

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

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

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

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

Improving Hazard Prediction Abilities

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

Sharing and Using Accident Data

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

Awards for Safety

Safety awards are given to workplaces (Works and research laboratories) that achieve zero lost-workday injuries. The President's Award for workplace safety is presented to workplaces with both a solid safety track record and good practices for safety and health, which could be an example to other workplaces. The President's Award was given to eight workplaces in fiscal 2022.

Safety Promotion through In-house Magazine, Slogan and Poster

Since fiscal 2013, in our in-house magazine entitled "Raising the Level of Safety!" (renamed "Learn through Manga! Promoting a culture of safety" since fiscal 2019), we have introduced examples of accidents that tend to happen at work and their preventive measures in a series of articles on enhancing safety.

Occupational Safety and Health / Industrial Safety and Disaster Prevention

Preventing Severe Accidents in Subcontracted Operations and Construction Operations

Sumitomo Chemical is taking action across the Company to ensure the safety and health of all involved parties, including partner companies. For example, one of the key initiatives outlined in the "Fiscal 2022 to Fiscal 2024 Medium-Term Plan for Responsible Care Activities" and "Fiscal 2023 Annual Responsible Care Policy" is responding to changes in employment structure, working to establish a foundation to ensure work safety and health, and promoting measures to prevent severe accidents in subcontracted operations and construction operations. We also conduct thorough risk assessments.

Risk Assessment of Chemical Substances

Sumitomo Chemical and all Group companies in Japan* that handle chemical substances conduct risk assessments of chemicals based on the Industrial Safety and Health Act and strive to reduce the risk of crises caused by chemicals.

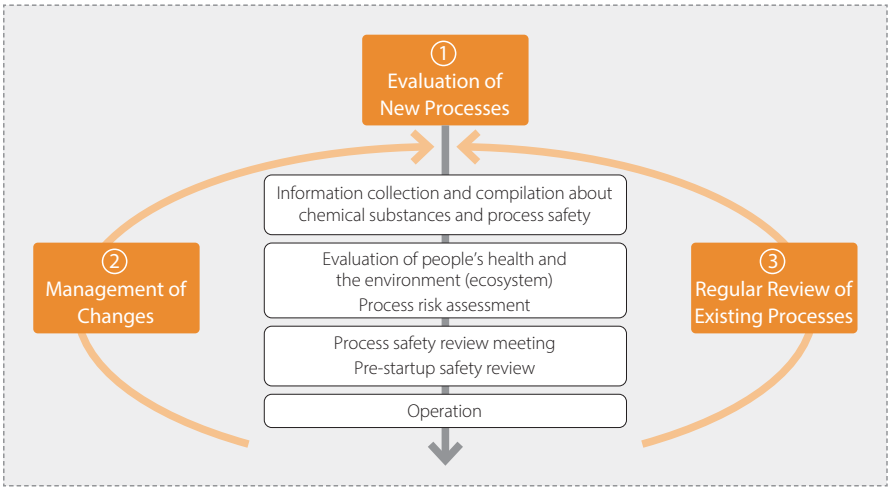
* The percentage of worksites that conducted assessments at Sumitomo Chemical and Group companies in Japan is 100%.

Industrial Safety and Disaster Prevention

Risk Management Initiatives

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

■ Risk Management (Three Routes)



① Evaluation of New Processes

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

Occupational Safety and Health / Industrial Safety and Disaster Prevention

② Management of Changes

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

③ Regular Review of Existing Processes

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

Preparation for Large-Scale Natural Disasters

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

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

Safety Education and Drills

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

■ FY2022 Main Safety Education Programs (Company-wide Education)

Name	Type	Purpose	Boundary	Participants
Disaster Prevention Theory	Group training	Promoting the acquisition of basic knowledge regarding industrial safety and disaster prevention for fires, explosions, reaction hazards, static electricity, etc.	Sumitomo Chemical (Works, research laboratories)	76
			Group companies in Japan	11
Fire and Explosion Training	Group training and self-study	Promoting the acquisition of knowledge to prevent accidents and perceive hidden dangers in the workplace through hands-on training related to fires and explosions	Sumitomo Chemical (Works, research laboratories)	197
			Group companies in Japan	65
HAZOP* Training	Group training	Training personnel to learn the basics of HAZOP and to be able to conduct HAZOP	Sumitomo Chemical (Works, research laboratories)	62
			Group companies in Japan	3
Safety Engineer Training Course	Group training and self-study	Training personnel who have central roles in uncovering process hazard sources, carrying out appropriate risk assessments, crafting safety measures, and effectively reducing risks	Sumitomo Chemical (Works)	21
			Group companies in Japan	2

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

Occupational Safety and Health / Industrial Safety and Disaster Prevention

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

■ Examples of Safety Education and Drills at Sumitomo Chemical Worksites

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

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

Industrial Safety Action Plan

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

(1) Commitment by Top Management to Industrial Safety

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

(2) Setting Industrial Safety Targets

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

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

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

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

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

(5) Initiatives Aimed at Promoting Voluntary Safety Activities

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

Occupational Safety and Health / Industrial Safety and Disaster Prevention

Logistics Initiatives

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractors (113 companies) for Sumitomo Chemical and its Group companies in Japan with the core principle of "Making Logistics Safety the First Priority." The Council maintains committees for Works in each area as well as for stock points (transport and storage) and marine transport-related operations nationwide. The Council is expanding the Logistics Department's responsible care activities. In fiscal 2022, we conducted discussions, such as exchanges of opinions, to further strengthen our partnerships with logistics subcontractors, and focused on further promoting the activities of this council.

In terms of health and safety, there were no accidents resulting in lost workday injuries. We will continue to review operational risks and further improve the level of safety and health management.

In addition, as for industrial safety and disaster prevention, we present our logistics subcontractors with transport standards to ensure safety, such as safety management rules related to the land and marine transport of hazardous substances, and strictly ensure the rules are followed. We built a system under which we cooperate with logistics subcontractors even during critical times when an accident occurs to quickly arrive at the crisis site and address the situation as well as a system that enables rapid response to accidents, to this end joining the Hazardous Materials Emergency Response Service of the Maritime Disaster Prevention Center.

■ Lost-workday Injuries in Logistics

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of cases	1	5	1	0	0

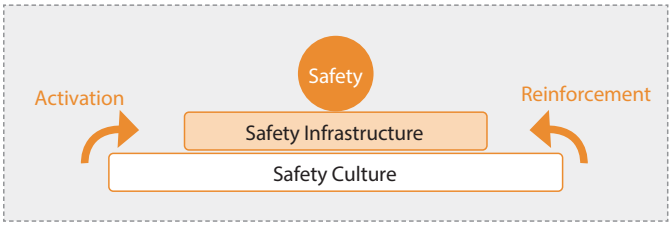
Note: Lost-workday accidents caused by logistics subcontractors on the premises of Sumitomo Chemical workplaces and lost-workday accidents caused by major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.

Looking Ahead

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

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

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



Product Stewardship / Product Safety / Quality Assurance

Basic Stance

Product Stewardship at Sumitomo Chemical

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

The "2020 Targets"*2 were proposed at the World Summit on Sustainable Development (WSSD) in 2002, and we are now in an era in which risk-based management of chemicals is required in terms of both regulations and companies' efforts to promote product stewardship, which is expected to continue. Since 2020, international discussions have proceeded on the framework for chemical substances and waste management, and we project that company-led product stewardship activities will continue to become ever more important.

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

*1 Product stewardship: The assessment of risks and protecting people's health and the environment from those risks throughout the product life cycle, which encompasses the entire supply chain from the development of chemical products to manufacture as well as sale, use/consumption, and disposal.
*2 2020 goal: Ensure that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.
*3 GPS/JIPS: Initiatives that call on companies to conduct risk assessments of their products and to engage in appropriate chemical management based on risk in order to minimize risks throughout the supply chain. Under GPS/JIPS, toxicological information on chemical products is disclosed to the general public, including customers.

Ensuring Thorough Compliance

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

Quality Assurance

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

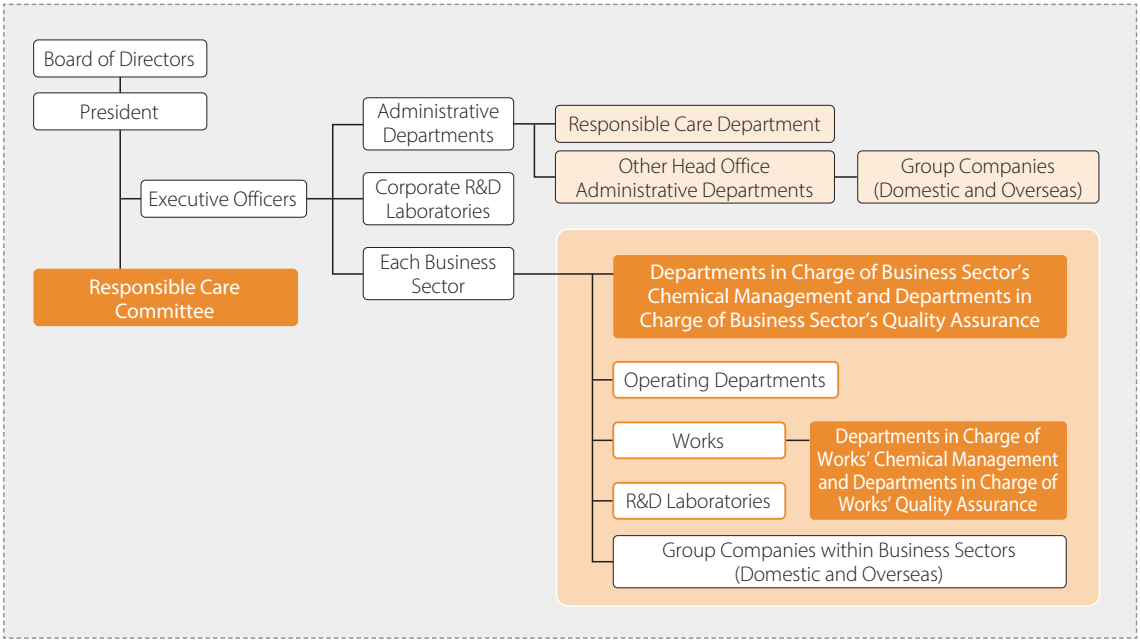
Product Stewardship / Product Safety / Quality Assurance

Management System

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

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

■ Organization of Chemical Management and Quality Assurance Activities



Product Stewardship / Product Safety / Quality Assurance

Goals and Results

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

P.157 Product Stewardship / Product Safety / Quality Assurance

Examples of Initiatives

Risk Assessment and Management throughout the Entire Product Life Cycle

With regard to the chemicals (products) that it uses and sells, Sumitomo Chemical conducts risk assessments that span the entire product life cycle and all that could be affected, including internal operators, neighboring residents, the surrounding environment, customers, and consumers. The Company supports the Ministry of the Environment's Eco-First Program and completed appropriate whole life-cycle risk assessments for its products manufactured or sold in annual amounts of one ton or more by fiscal 2020 to promote the voluntary initiatives (GPS/JIPS) adopted by chemical industry associations. The results of these assessments are compiled into a safety summary and made publicly available online, including on the Japan Chemical Industry Association (JCIA)'s portal website (https://www.jcia-bigdr.jp/jcia-bigdr/en/material/icca_material_list). From fiscal 2021, we will continue to conduct appropriate risk assessments of products that are newly included in the scope through, for example, product development (reinspection of risks of already assessed substances based on the latest insights).

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

Risk Management for Product Safety

As for risk assessments of product safety, it is necessary to assess the risks of chemical substances in products as well as the risks associated with product applications and uses. Taking into consideration not only their use by our direct customers but also the use and disposal of such products by their end-users, we conduct risk assessments of applications and uses using failure mode and effects analysis (FMEA)* and other methods in addition to chemical substance risk assessments. Sumitomo Chemical conducts rigorous risk assessments of new products and reassesses items already on the market. In fiscal 2022, we performed 56 risk assessments. Going forward, we will continue to conduct rigorous risk assessments of new products and regularly conduct reassessments of products already on the market. In addition, we continue supporting Group companies in conducting similar product risk assessments and countermeasures.

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

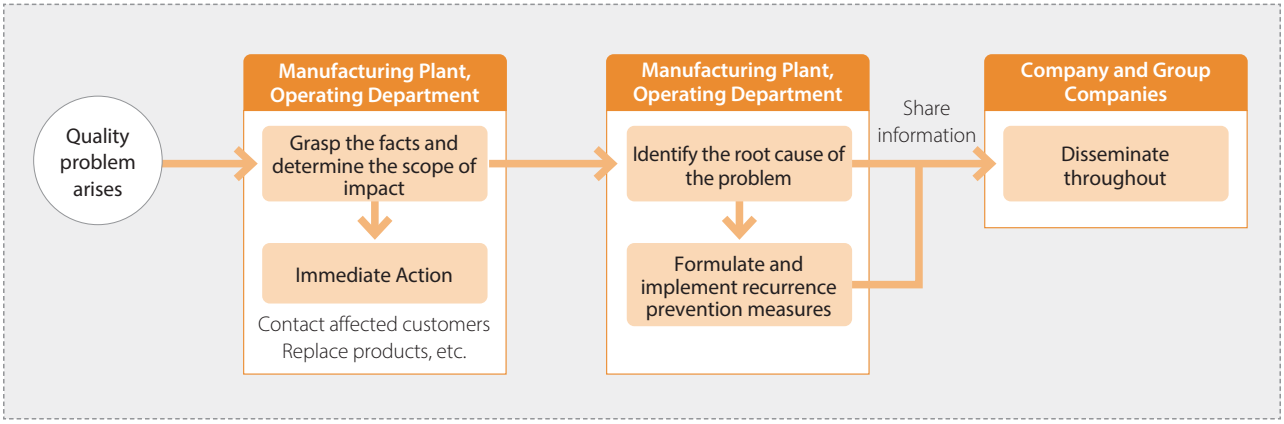
Product Stewardship / Product Safety / Quality Assurance

Providing Products and Services of Stable Quality

In order to continue to supply its customers with satisfying products and services that can be used with peace of mind, the Sumitomo Chemical Group has established quality assurance systems based on quality management systems (such as ISO 9001*1) and manufacturing and quality management guidelines (GMP*2) appropriate for each product and service. In addition to maintaining thorough day-to-day product quality control, we are committed to further improving product quality.

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

■ Flowchart of How We Handle Quality Problems



In fiscal 2022, there was one major quality problem in the Sumitomo Chemical Group. We are investigating the cause of this problem and taking thoroughgoing measures to prevent a recurrence. We are sharing the knowledge gained and rolling out countermeasures across the Group. Going forward, we will also work to strengthen quality assurance for the entire Group by sharing information and activities related to quality and product safety. Furthermore, in order to continue supplying products and services of stable quality worldwide while addressing growing supply chain diversification accompanying its business expansion and the increasingly sophisticated needs of customers, the Group is enhancing its global quality assurance system through measures that include strengthening the management of overseas suppliers and contractors.

*1 ISO 9001: The international standards on quality management systems issued by the International Organization for Standardization (ISO).
*2 Good Manufacturing Practice (GMP): Guidelines relating to the manufacturing and quality management of pharmaceutical products, etc.

The Information Sharing System and Ensuring thorough Compliance

The governments of Europe, the Americas, China, and the Asia Pacific region hold considerable way over trends in global laws and regulations. To ensure thorough compliance, we post product stewardship specialists at our regional headquarters in these areas and are constructing a system to swiftly collect information related to regulatory trends. Especially in Europe, China, South Korea, Taiwan, Southeast Asia, and India, where there is active movement regarding legal revision/improvement, we are appropriately complying with the chemical regulations of each country in cooperation with our group companies.

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

In fiscal 2022, there were no reports of violations of regulations for Sumitomo Chemical products and services at any stage of their life cycles.

Product Stewardship / Product Safety / Quality Assurance

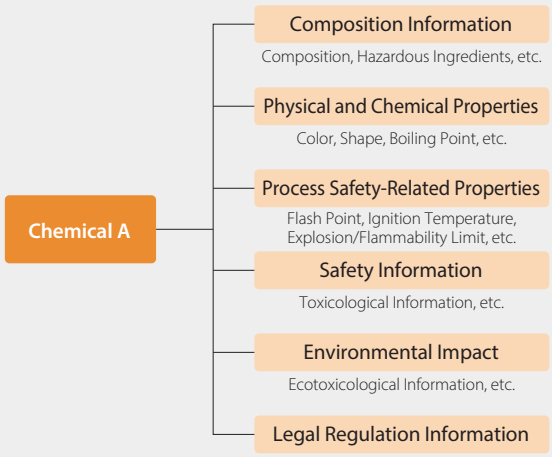
Effective Use of SuCCESS

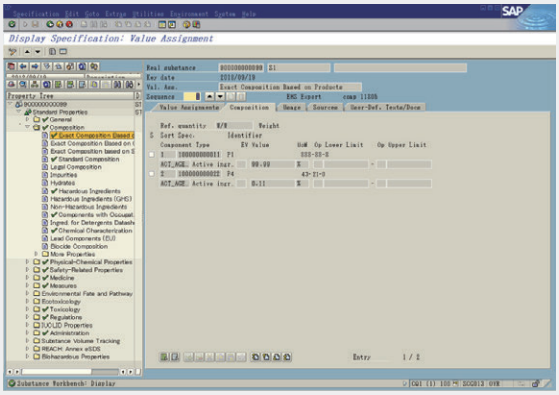
In order to appropriately manage and effectively use information on chemicals handled by the Company, such as their composition, toxicological information (risks and hazards), and regulatory requirements, Sumitomo Chemical has developed the Comprehensive Chemical Management System (SuCCESS).*1 This system is used in order to respond to inquiries from customers concerning substances contained in our products and precisely comply with laws and regulations in Japan and around the world, such as the REACH Regulation in Europe. We also use this system to create SDSs*2 in around 40 languages to comply with GHS*3 and accurately and efficiently communicate hazard information throughout the supply chain. This system is also being proactively rolled out to Group companies. We had installed the system at 15 Group companies in Japan and overseas as of fiscal 2022. In addition, we are using SuCCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes.

*1 Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS)
*2 Safety Data Sheets (SDS): SDSs include information on the safe handling of chemical products (properties, handling methods, safety measures, etc.) and should be created in compliance with the Japanese Industrial Standards (JIS) and the standards set by the International Organization for Standardization (ISO).
*3 Globally Harmonized System of Classification and Labeling of Chemicals (GHS): In 2003, the United Nations established these global rules for how to convey information about the classification and degree of hazards for chemical substances.

SuCCESS Comprehensive Chemical Management System

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





Providing Toxicological Information

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

Product Stewardship / Product Safety / Quality Assurance

Sharing Information on Chemicals in Products

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

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

*1 RoHS Directive: An EU law related to restricting the use of specific hazardous substances, such as those in electric and electronic equipment
*2 REACH Regulation: A regulation related to the registration, evaluation, authorization, and restriction of chemicals within the EU

Laboratory Animal Welfare

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

Furthermore, we are working hard to confirm whether subcontractors of animal experiments and suppliers of animals used in experiments similarly conduct animal studies with appropriate consideration for animal welfare.

*3 The 3Rs: From the Law for the Humane Treatment and Management of Animals
Replacement: To the greatest extent possible, replace methods that involve animals with those that do not.
Reduction: To the greatest extent possible, reduce the number of animals used.
Refinement: To the greatest extent possible, refine methods to minimize the suffering of animals.

Responses to Latest Emergency Issues, Including Reducing Marine Plastic and Microplastics

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

Looking Ahead

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

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

In addition, we will optimize our quality assurance system to respond to globalization and increasingly complex business formats and supply chains as we continue to work to enhance the Group-wide quality assurance level so that customers can use Group products and services with peace of mind.

Responsibility to Our Customers

Basic Stance

Throughout the Group, Sumitomo Chemical is working to provide high-quality products and services that can be used safely while satisfying customers' recently diversifying needs, and sales managers and customer consultation offices provide support tailored to products and specific details.

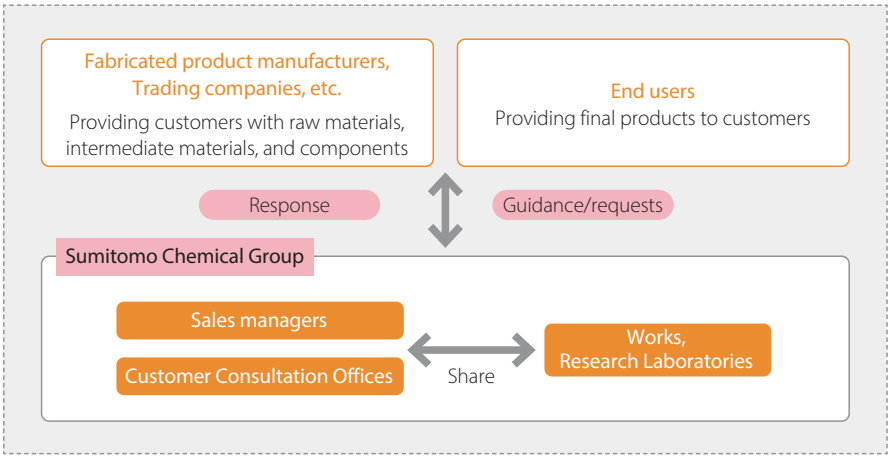
Business & Products

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

Management System

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

■ Customer Communication System



Examples of Initiatives

In this section, we will introduce the Sumitomo Chemical Group's initiatives in agriculture and gardening related products that are closely entwined with customers' daily lives.

Product Development for Sustainable Agriculture

Sumitomo Chemical's AgroSolutions Division-Japan is focusing on developing new sustainable agricultural technologies and products for smart agriculture and new biorational products, with an eye on developing and promoting new formulations with new effects and on the changing structure of agriculture going forward.

Responsibility to Our Customers

Weedkillers for Rice Paddies

In smart agriculture, to make operations more efficient and less labor intensive, more agricultural drones are being utilized. In the field of herbicide for rice paddies, the Company is working to expand its series of the new formulation called FG (Floating Granule), which is self-diffusing and suitable for being sprayed by drones.

FG formulation product packaging and aerial photos of drone spraying

Fertilizers

The amount and rate of release of a fertilizer into the soil can be adjusted by coating the surface of the fertilizer particles with resin. The Company helps reduce environmental impact by developing coated fertilizers cloaked in resin films calibrated to degrade in soil.

Biorationals and Botanicals

The Sumitomo Chemical Group defines biorational products as naturally-derived microbial-based crop protection products, plant growth regulators, and rhizosphere microbial materials, as well as the solutions that use them to protect crops from pests or improve the quality or yield of crops. In addition to biorationals, we vigorously work to research and develop new botanical products. In the field of biorationals and botanicals, we further accelerate the research and development of products that contribute to sustainable agriculture.

"Natural Products" Designated Symbol

Natural Products (Registered trademark of Sumitomo Chemical)

Natural Products is the shared symbol used to designate the naturally derived products offered by Sumitomo Chemical and the Group companies Sumitomo Chemical Garden Products Inc., SC Environmental Science Co., Ltd., and Sumika Technoservice Corporation.

Reflecting growing compliance with SDG initiatives and environmental awareness, low environmental impact products are increasingly becoming a requirement in all facets of pest control, encompassing everything from crop protection in farming and plant protection in gardening to insect control at home and public hygiene management. The Sumitomo Chemical Group, a leader in providing a wide range of naturally derived products, including biorational and botanical items, is carrying out unified branding activities to increase public awareness of these goods in Japan.

Target Areas of Naturally Derived Products Sold by Group Companies

Company name	Target areas of naturally derived products
Sumitomo Chemical Garden Products Inc.	Home and gardening
SC Environmental Science Co., Ltd.,	Household insecticides Insecticides for Termite Control Operation and for Pest Control Operation
Sumika Technoservice Corporation	Natural enemy insects
Sumitomo Chemical Co., Ltd. (AgroSolutions Division - Japan)	Crop protection products for agriculture

Natural Products | Sumitomo Chemical Co., Ltd. (sc-natural-products.com) (Japanese only)

https://www.sc-natural-products.com

Responsibility to Our Customers

Communicating with Customers

Enhancement of Information Dissemination Tools

In 2002, Sumitomo Chemical's AgroSolutions Division-Japan launched the website i-noryoku as a means of supporting agricultural producers by providing a variety of relevant agricultural information. In addition to the website, we also provide farmers with simple and easy-to-understand product information through social media platforms like Facebook and YouTube via posts and videos.

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

Furthermore, we respond to questions about gardening. Consultants strive to closely engage with customers to ensure that they can properly and effectively use the Company's products.

Sumitomo Chemical i-nouryoku (Japanese only)
https://www.i-nouryoku.com/index.html

The YouTube channel of Sumitomo Chemical's AgroSolutions Division-Japan (Japanese only)
https://www.youtube.com/channel/UCk0GEjn4LXD7dxEf9uSfnIw

The Facebook page of Sumitomo Chemical's AgroSolutions Division-Japan (Japanese only)
https://www.facebook.com/住友化学アグロ事業部-101167691634705/

Sumitomo Chemical Garden Products Inc. is working to enhance its websites to ensure the provision of easy-to-understand information to a variety of gardeners. In addition, it began uploading videos to YouTube, with content not only ranging from product information videos to instructions on the preparation of diluents and how to read registration slips, but also including Garden Doctor TV, which covers cultivation methods for tomatoes and roses as well as other topics. As for customer consultations, in addition to answering questions via telephone and email, from April 2020 the company began providing web content via the Garden Doctor™ AI, an AI image diagnostic tool that enables anybody to easily diagnose plant diseases and pests at any time.

Sumitomo Chemical Garden Products Inc. official website (Japanese only)
https://www.sc-engei.co.jp

Sumitomo Chemical Garden Products' YouTube channel (Japanese only)
https://www.youtube.com/c/scengeich/playlists

Sumitomo Chemical Garden Products' Garden Doctor™ AI (Japanese only)
https://www.sc-engei.co.jp/gardendoctor.ai

Responsibility to Our Customers

Improvement of Usability

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

BENICA X NEXT™ Spray

Sumitomo Chemical Garden Products is researching customer concerns through marketing surveys and working to develop products to solve those issues. The company developed a longer trigger for BENICA X NEXT™ Spray that is more comfortable and easier to pull even when spraying continuously.

Sumitomo Chemical Garden Products' BENICA X NEXT™ Spray (Japanese only)
https://www.sc-engei.co.jp/sp_contents/en/201902/benicaXnext

Grass Killer Mega Long Shower GT

The company is working hard to increase the usability of Grass Killer Mega Long Shower GT by developing its bottle through cooperative research with ergonomic experts in order to lighten users' burden, especially by enabling people without much physical strength to scatter the product easily.

Sumitomo Chemical Garden Products' Grass Killer Mega Long Shower GT (Japanese only)
https://www.sc-engei.co.jp/guide/detail/5318.html

Provision of safe Agricultural Products

Sumika Agrotech Co., Ltd., a JGAP* certified farm, strives to encourage sustainable agriculture through the production and sale of safe and secure agricultural goods to consumers.

* JGAP stands for Japan Good Agricultural Practice.

List of JGAP Certified Farms

Farm Name	Registration No.	Location	ASIAGAP/JGAP version	Item	Certification Expiration Date
Farm Nagano, Sumika Agrotech Co., Ltd.	200000045	Nagano Prefecture	JGAP Fruits and Vegetables 2016	(Cultivation, harvest, handling) Strawberries	Mar. 21, 2024
Farm Oita, Sales Operation Department, Sales Division, Sumika Agrotech Co., Ltd.	440000052	Oita Prefecture	JGAP Fruits and Vegetables 2016	(Cultivation, harvesting, handling) Tomatoes, mini-tomatoes	Apr. 23, 2024

Responsibility to Our Customers

Initiative for Access to Healthcare

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

Fair Marketing

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

https://www.sumitomo-pharma.com/profile/compliance_risk-management/compliance/

● Transparency in Partnerships with Patient Groups and Medical Institutions

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

● Our Approach to Promotional Activities for Healthcare Professionals

In compliance with the IFPMA Code of Practice, the JPMA Code of Practice, and Guidelines for Prescription Drug Marketing Information Provision issued by the Ministry of Health, Labour and Welfare, Sumitomo Pharma has drawn up the "Rules for Marketing Information Provision" and established the Department Responsible for Supervising Marketing Information Provision. The Department Responsible for Supervising Marketing Information Provision supervises and provides guidance to departments that implement detailing activities, examines and approves materials, carries out monitoring as well as education and training for officers and employees, operates a complaints desk and handles complaints.

As an advisory body to the Department Responsible for Supervising Marketing Information Provision, we have established the Review and Supervisory Committee, which is held regularly. It has an external chairperson who is completely independent of our company.

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

https://www.sumitomo-pharma.com/sustainability/healthcare_innovation/fair_marketing.html

Contribution to Global Health

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

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

In 2019, as a partnership initiative with the Ministry of Health of Vietnam, Sumitomo Pharma and the National Center for Global Health and Medicine jointly commenced the first antibiotic susceptibility surveillance study in Vietnam in order to contribute to antimicrobial resistance (AMR) countermeasures and promote the proper use of antibiotics in Vietnam. In 2020, we completed a data analysis of the first year of research, reports of results to each hospital facility, and exchanges of opinions. In 2021, we presented this content at the European Society of Clinical Microbiology and Infectious Diseases (ECCMID). The second antibiotic susceptibility surveillance study began in February 2023.

● Efforts for the Eradication of Malaria

Sumitomo Pharma is working on the research and development of malaria vaccines in collaboration with Ehime University and the global organization PATH, and supports initiatives for the eradication of malaria in several countries in Asia and Africa. The Company has cooperated with NPOs, local governments and communities to provide insecticide-treated mosquito nets, rapid diagnostic test kits for malaria, and educational activities in Zambia, Tanzania, and Indonesia, as well as advocacy initiatives for public awareness of malaria in Japan.

Responsibility to Our Customers

Participation in the Global Health Innovative Technology Fund (GHIT Fund)

Through participation in the GHIT Fund, Sumitomo Pharma seeks to improve access to medicines by exploring the possibility of utilizing our innovative drug discovery technologies to tackle neglected tropical diseases (NTDs), malaria, and other diseases with significant unmet medical needs.

https://www.sumitomo-pharma.com/sustainability/social/contribution_to_global_health.html

Initiatives to Improve Access to Medicines

Targets and KPIs for Material Issues

As described below, Sumitomo Pharma established the targets and KPIs for initiatives to improve access to medicines and advocacy, which is a material issue linked to value creation.

Material Issues	Targets	KPIs	Targets of KPIs
Improving access to medicines and advocacy	Attempt to improve access to medicines by promoting disease awareness from patient-centered perspectives, which is expected to reduce illness stigma and facilitate early treatment, and by working to lessen a drug lag, which will increase treatment options for patients. Contribute to the betterment of the healthcare system in countries/regions that struggle with equal access to necessary healthcare, by developing healthcare professionals, raising awareness of the public, and making policy recommendations through collaboration with the industry, governments, and NPOs/NGOs	1. Further increase in health literacy of the public, including patients	• Number of public lecture participants by FY2027 cumulative total of 10,000 since FY2023* • Total annual visits to schizophrenia and bipolar disorder disease awareness website (Kokoro Share) 40% increase over FY2022 by FY2027*
		2. Number of products, and policy recommendations contributing to access to medicines	• Responding to requests for development of unapproved and off-label drugs of high medical necessity* • Continued participation in policy recommendations*
		3. Number of partnerships contributing to improvement in healthcare access in developing countries	• Constantly two or more

* Targets of KPI for Sumitomo Pharma non-consolidated

https://www.sumitomo-pharma.com/sustainability/assets/pdf/material_issues_kpi_en.pdf

Partnership Initiative "Access Accelerated"

Sumitomo Pharma has participated in a partnership initiative called "Access Accelerated" since its launch in 2017. Access Accelerated is a coalition of more than 20 pharmaceutical companies and six international institutions, including the World Bank. In fiscal 2021, a total of 121 individual access programs were implemented by different companies in 126 low- to middle-income countries in Africa and Asia, while programs on pharmaceutical regulatory easing, healthcare specialist development, and public education for citizen awareness were promoted centering on three target countries: Kenya, Ghana, and Vietnam.

Initiatives to Fight against Counterfeit Pharmaceuticals

As a member of the Pharmaceutical Security Institute (PSI), the Company maintains close contact with other global pharmaceutical manufacturers in information gathering and promoting anti-counterfeit enforcement operations. Sumitomo Pharma donated to the International Criminal Police Organization (INTERPOL) a total of 4.5 million Euro over a three-year period beginning in 2013. The donation was used to fund activities to promote public awareness of counterfeit pharmaceuticals and efforts to prevent pharmaceutical crime as well as for the training of specialist pharmaceutical crime investigators.

https://www.sumitomo-pharma.com/sustainability/social/improvel_access.html

Looking Ahead

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

Communities

Basic Stance

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

Regarding communication with society, while enhancing information disclosure and engaging in interactive dialogue, Sumitomo Chemical, its worksites in Japan and overseas, and Group companies engage in a variety of activities to ensure harmonious coexistence with local communities, thereby building good relations with them.

■ Sumitomo Chemical's Social Contribution Activities

Securing Safety and Health, and Protecting the Environment

- Work and research laboratory tours
- RC dialogues and distribution of local newsletters
- Malaria prevention campaign
- TABLE FOR TWO program
- Matching Gift program (support for tree-planting activities)
- Cooperation with U.N. activities
- Support for infection control measures
- Local clean-up activities

Raising Children Who Will Lead the Next Generation

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

Assisting in Natural Disaster Relief

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

Management System

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

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

Communities

Goals and Results

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

FY2022 Main Social Contribution Activities at Bases in Japan (Sumitomo Chemical*1)

Type of Activity	Number of Events
Education for the next generation*2 (including science classes held at schools, children's office visits)	13
Cleaning beaches and neighborhoods around worksites	60
Worksite tours, community dialogues, hands-on work experiences	22
Hosting and participating in regional sports competitions, festivals, and other events	10

*1 Includes some Group companies in Japan
*2 Includes content related to the SDGs and sustainability

Volunteers for the OISCA Coastal Woodland Rejuvenation Project (Sumitomo Chemical Group*3)

(No. of people)

	FY2020	FY2021	FY2022
Number of volunteers for the OISCA coastal woodland rejuvenation project*4	0*5	0*5	0*5

*3 Sumitomo Chemical and Group companies in Japan participating in the Matching Gift program
*4 Volunteer activities in Natori, Miyagi Prefecture
*5 Suspended due to the pandemic

P.224 Support for Recovery from the Great East Japan Earthquake

Major Donations in FY2022 (Sumitomo Chemical)

(Million yen)

Item	Amount
Assisting in relief for the Turkish and Syrian earthquake	7.0
Support for education in Africa (Plastic Recycling Education)	6.8
Support for the development and education of children through ASHINAGA (Matching Gift program)	7.0
Support for OISCA's tree planting activities (Matching Gift program)	5.9
TABLE FOR TWO (Matching Gift program)	0.5

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

Number of Major Donations in FY2022 (Sumitomo Chemical)

Total number of donations: 295

Item	Number of cases
Local community activities	116
International exchange and cooperation	15
Sports	10
Academic study and research	9
Culture and art	14
Education and social education	22
Social welfare	15
Environment	9
Support to areas devastated by disasters	5
Others	80

Communities

Social Contribution Activities at Group Companies in Japan and Overseas

At Group companies in Japan and overseas, we emphasize community bonds and contributions at each business location and proactively conduct social contribution activities as a part of our broadly defined CSR activities, including creating shared value by leveraging the unique characteristics of each company.

In fiscal 2022, we conducted more than 500 social contribution activities, including activities aimed at contributing to local communities and activities aimed at enhancing employee awareness through donations and fund raising.

The Sumitomo Chemical Group will continue to work toward helping solve social issues, educating employees, and providing integrated communication mainly through community contributions in collaboration with the Company's worksites, initiatives promoted by the entire Group in unison, and promoting education for citizens and the broader society while respecting the individuality of employees.

■ Social Contribution Activities at Group Companies in Japan and Overseas

FY2022 Results

Over **500**

Guest lecture conducted at a nearby university (Group company in Japan)

Clean-up activity around the United Nations HQ (Group company overseas)

Examples of Initiatives

Securing Safety and Health, and Protecting the Environment

Initiatives to Ensure Safety at All Group Workplaces

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

■ Status of Dialogues with Local Communities

FY2022 Results*

Number of dialogues held	Participants
9	**129**

* Cumulative result of each Sumitomo Chemical worksite

Clean-up Activity: Global Clean-up Challenge

The Sumitomo Chemical Group helps solve the plastic waste problem through clean-up activities at each worksite and their neighboring communities, beaches, and other areas.

It is said that one of the sources of increasing marine waste, including plastic waste, is garbage left outside and waste thrown away that will enter waterways due to wind and rain then flow out to sea. The clean-up activities we can do at nearby locations are connected to countermeasures against the marine waste problem.

In fiscal 2022, the Group launched new clean-up initiatives called "Global Clean-up Challenge" with the aim of fostering unity as a Group. Going forward, we will continue working to address the plastic waste problem.

The symbol image for Global Clean-up Challenge

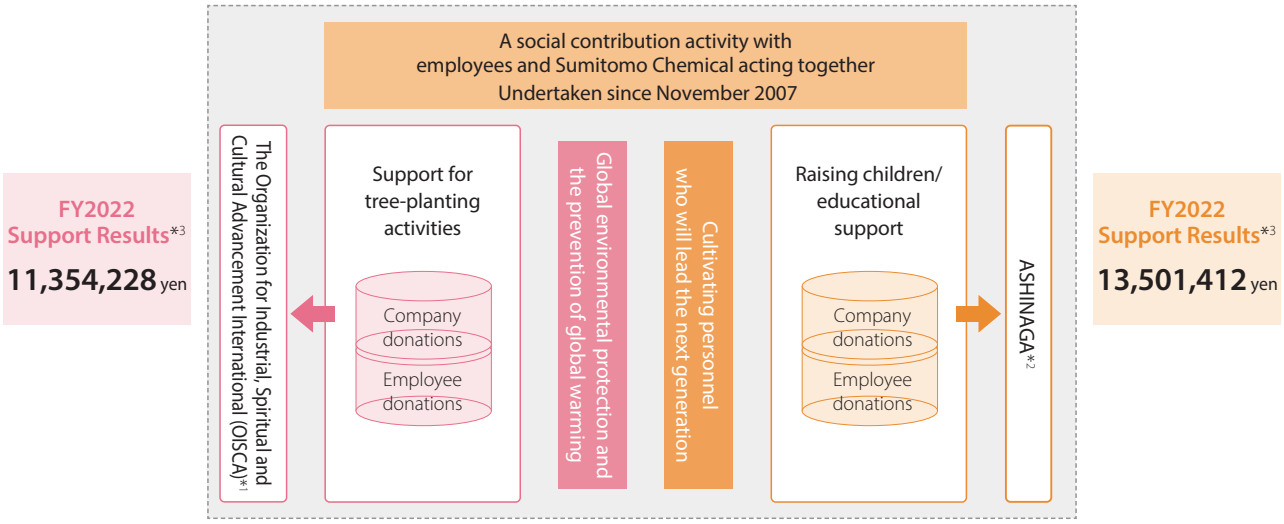
Communities

Matching Gift Program

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

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

■ Matching Gift Program



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

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

*3 Sums after matching by the Company

TABLE FOR TWO Activities

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

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

For the Company's support in 2022, Sumitomo Chemical received a letter of appreciation as a Platinum Partner from the TABLE FOR TWO secretariat.

2022 Results

1,045,520 yen **26,138** meals

(Sums after matching by the Company)


感謝状

Communities

Raising Children Who Will Lead the Next Generation

Supporting Education through Science Workshops

The Sumitomo Chemical Group holds science workshops for children to conduct experiments and make crafts. These workshops enable them to experience the wonders and appeal of science with their own hands, in order to convey in a manner that children can easily understand how the products all around them are linked to chemicals.

These science workshops are held during tours of plants and research laboratories and through class visits, including at schools near worksites and at summer vacation events sponsored by local municipalities. Every year, we receive feedback from regular schools, community schools,*1 and other institutions telling us that local children enjoy these workshops. In fiscal 2022, after taking thorough precautions to prevent the spread of COVID-19, we held workshops at a limited number of worksites.

In addition, the Tsukuba Regional Research Laboratory used a web meeting system to conduct classes in a middle school class room with the theme of "Let's search for SDGs around us" in collaboration with the city's hands-on science education program Tsukuba STEAM Compass.

At Ehime Works, so that children who could not go outside due to the pandemic could still have fun at home, in continuation from the previous year, videos were produced in collaboration with Ehime Works veteran employees entitled, "Science Experiments and Crafts You Can Do at Home!"*2 (Vol. 7–9). They have been made available on YouTube for anyone to watch at their convenience.

Screenshots from the videos

"Science Experiments and Crafts You Can Do at Home!"
vol.7 Let's make fluffy flowers
vol.8 Let's make a sparkly and cute air fresheners
vol.9 Let's make a toy woodpecker

*1 Community schools (school management councils): Promoted by the Elementary and Secondary Education Bureau of the Ministry of Education, Culture, Sports, Science and Technology, these systems enable guardians and local communities to participate in efforts to solve various issues schools face in order to support the autonomous growth of children in each grade.

*2 Video production collaborators: The Akagane Museum, heart network (heart TV: a cable TV channel in Niihama City and Saijo City), and Sumitomo Chemical Ehime Shayuukai (the Company's organization for former employees)

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

https://youtube.com/playlist?list=PLdCPE61HN0W7Jcys1mzqLjrVl52fjvJLY

Educational Support Related to SDGs

In recent years, education for sustainable development is gaining attention as a method to achieve the fourth SDG (Quality Education) on the front lines of education. As a strong supporter of education, the Company works to introduce the Group's sustainability initiatives in various formats for the next generation, those who will lead the sustainable society that the SDGs aim for. Employees serve as instructors for classes conducted at schools and online, and we invite people to our SYNERGYCA Co-Creation Lounge, established at the Company's Tokyo Head Office, to conduct hands-on classes that search for solutions to social issues while fostering communication.

Communities

13th Eco Proverb Contest

As an Eco-First Company certified by Japan's Ministry of the Environment and as a participating company in the Eco-First Promotion Council,* Sumitomo Chemical is a cosponsor of the Eco Proverb Contest.

In fiscal 2022, the theme was "We wonder what we can do to continue living on the beautiful Earth: What kind of future do we want to make in 2050?" The council collected self-written proverbs created by elementary and middle school students across Japan. As one of the companies that provide corporate awards, Sumitomo Chemical selected the following work that embodies its vision aiming to solve the waste problem, including waste plastics, for the Sumitomo Chemical Award in FY2022.

* This council comprises 56 Eco-First Companies certified by the Minister of the Environment as the best in their industry regarding environmental conservation. Each participating company collaborate across industries to promote environmental conservation activities.

Sumitomo Chemical Award

ゴミじゃない　分ければ資源　また会おう

It is not garbage
If we separate it, we will again meet
the resources

(The English text is a translation of the original Japanese composition above)

Riki Fujii
(6th grader at Nishinomiya City Harukaze Elementary
(as of receiving the award in 2022))

Awards ceremony

Judging Results of the 13th Eco Proverb Contest (Japanese only)
https://www.eco1st.jp/wp-content/uploads/2022/10/8abdd0a96b1f974aeb00240051c78e5f-2.pdf

Support for Education in Africa

Because Sumitomo Chemical believes that Africa needs to build a better educational environment for children in order to break free from poverty and achieve sustainable economic development, since fiscal 2005, the Company has been supporting education to support children, on whom the continent's future rests. At first, we mainly supported the construction of schools, but, after studying how to best offer support as a chemicals company, we branched out into supporting female students and programs in science as well as ICT-related education.

Currently, we support initiatives that contribute to recycling resources, which is one of the material issues that we will address as management priorities.

Supporting Plastic Recycling Education in Nigeria

Sumitomo Chemical has been donating US$50,000 per year to the Clean Our World (COW) Project, which is run by the Nigeria-based Oando Foundation with the aim of raising awareness of plastic recycling. Over 32 million tons of garbage are generated in Nigeria every year, and more than 30% of that is classified as plastics. Currently, most of the plastic is not properly disposed of. It sometimes clogs pipes, causing flooding, and is also washed into the ocean via West Africa's main waterway, the Niger River. To resolve this situation, the Oando Foundation established the COW Project in 2020. Through this project, we provide opportunities for elementary school children, those who will lead the future, to learn about the plastic waste problem and recycling, conduct local clean-up activities, and share out experience in collecting waste and processing it into daily commodities. A portion of the around 11 tons of plastic waste collected through this initiative was converted into school supplies and other products and given to children.

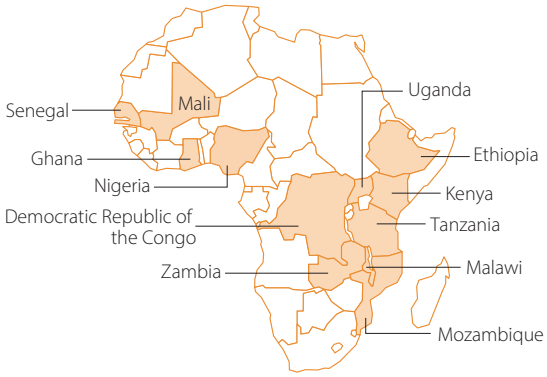
Going forward, Sumitomo Chemical will continue working to improve the educational environment as an important social contribution activity and actively promote initiatives aimed at resolving social issues on a global scale.


Plastic bottles collected at an elementary school


Sorting out collected plastic bottles

Communities

Support for Education in Africa



Support Results

Beneficiaries: over **68,000** people

Supported countries: 12
(33 projects completed)

Support Results

Country	Collaborator	Support details
Tanzania	WVJ*1	Between 2005 and 2007, we built elementary schools, teacher housing, and other structures. In 2014, we built elementary schools and restrooms.
Kenya	WVJ*1	In 2005 and 2006, we built girls' dormitories, restrooms and other structures for elementary schools. In 2015, we built elementary schools and provided math and science teaching materials.
Zambia	WVJ*1	Between 2005 and 2007, we built middle schools, restrooms, teacher housing, and other structures.
Uganda	WVJ*1	In 2006, we built elementary schools, restrooms, and other structures. Between 2008 and 2011, we built schools, restrooms, and other structures. In 2019 and 2020, we built classrooms for elementary schools and raised awareness of malaria prevention techniques.
Ethiopia	WVJ*1	In 2007, we built elementary schools, middle schools, restrooms, and other structures. In 2013, we built elementary schools, restrooms, water storage tanks, and other structures.
Mali	PIJ*2	Between 2010 and 2012, we built elementary schools, restrooms, wells, and other structures.
Ghana	PIJ*2	Between 2010 and 2012, we built elementary schools, libraries, and other structures. In 2015 and 2016, we built technical schools, science laboratories, and other structures. In 2019 and 2020, we built technical high schools, science laboratories, and other structures, provided teaching materials, and provided training to teachers.
Malawi	WVJ*1	Between 2010 and 2012, we built elementary schools and other structures. In 2013, we built elementary schools, restrooms, and other structures.
Democratic Republic of the Congo	WVJ*1	In 2012 and 2013, we built elementary schools, restrooms, and other structures. Between 2016 and 2019, we built elementary schools, restrooms, and other structures, provided math and science teaching materials, provided training to teachers, and raised awareness of malaria prevention techniques.
Mozambique	PIJ*2	In 2012 and 2013, we built elementary schools, restrooms, and other structures.
Senegal	PIJ*2	In 2014 and 2015, we built elementary schools, restrooms, and other structures and provided training to school management committees. Between 2016 and 2019, we built middle schools, high schools, and restrooms, set up science laboratories, and enhanced science courses for girls.
Nigeria	Oando*3	Between 2017 and 2020, we set up ICT centers, provided computer peripheral equipment, and provided science, technology, engineering, and math (STEM) education. In 2020, 2021 and 2022, we carried out clean-up activities, education related to plastic waste and recycling, and waste collection ("Clean Our World" (COW)*4 I project to COW*4 Ⅲ project).

*1 WVJ: World Vision Japan
*2 PIJ: Plan International Japan
*3 Oando: The Oando Foundation of the Federal Republic of Nigeria
*4 A project established by the Oando Foundation that aims to raise awareness of plastic recycling

Communities

Assisting in Natural Disaster Relief

Assisting in Relief for the Turkish and Syrian Earthquake

Sumitomo Chemical provided a monetary donation of 2,000,000 yen through the Japanese Red Cross Society as aid for the Turkish and Syrian earthquake that was occurred in February 2023. In addition, we donated 5,000,000 yen in material aid in the form of our SumiShield™ 50WG, which is an effective countermeasure against infectious disease through The Mentor Initiative,* which is an international humanitarian aid NGO.

* An international humanitarian aid NGO founded in 2002. The initiative uses the Company's vector control products to disperse chemicals that prevent the spread of communicable diseases in affected areas.

Support for Recovery from the Great East Japan Earthquake

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

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

Since fiscal 2015, we have dispatched employee volunteers to the area to provide black pine saplings, plant trees, and weed and fertilize areas where trees have been planted with the aim of rejuvenating about 100 hectares of coastal woodland. These activities were suspended in fiscal 2022 in continuation from the previous fiscal year, however, to prevent the spread of COVID-19. We have already achieved our planting goal, and, going forward, we will continue to help manage the planted black pines on a voluntary basis.

FY2022 Results

Disaster Hit Area Support Meals

604,280 yen **15,107** meals

(Sums after matching by the Company)

The Great East Japan Earthquake Iwate Learning Hope Fund (the portion used between April 2022 and September 2022)	292,480 yen	7,312 meals
The Great East Japan Earthquake Miyagi Children's Education Fund (the portion used between October 2022 and March 2023)	311,800 yen	7,795 meals

Examples of Social Contribution Activities (Japanese only)

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

Emergency Humanitarian Aid for Ukraine

Sumitomo Chemical provided emergency humanitarian aid for people forced by the conflict to flee their homes in Ukraine. We have provided 10,000,000 yen through the Japanese Red Cross Society. We also donated a total of 8,250,000 yen through a matching donation program where the Company matched the donations from executives and employees.

Communities

Coexistence with Local Communities

Disclosing Information and Holding Diverse Interactive Dialogues Rooted in Local Communities

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

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

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

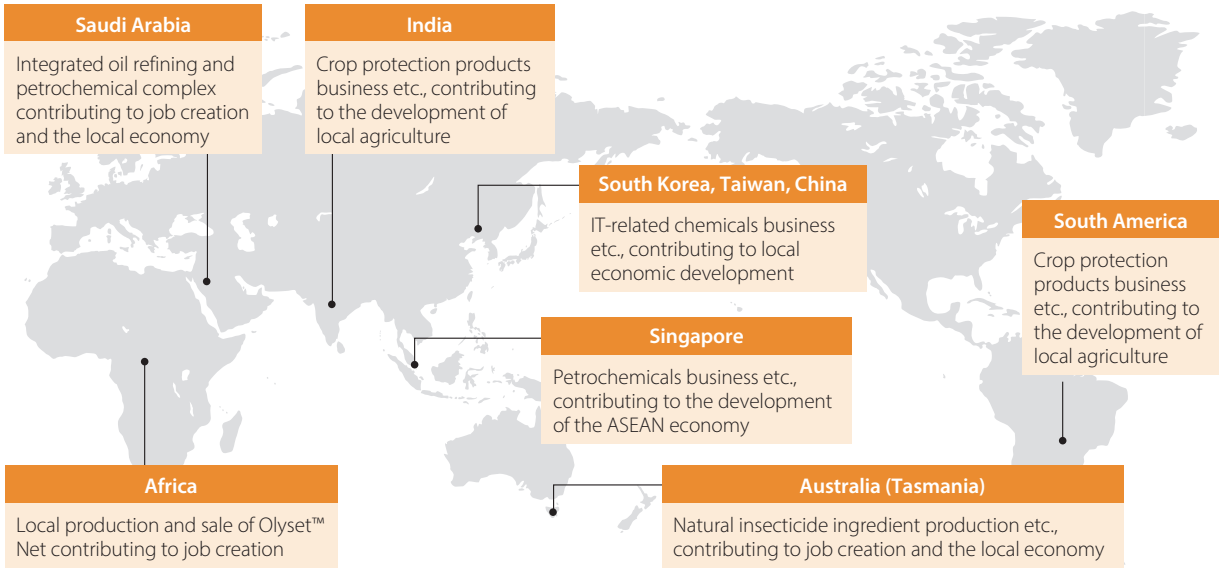
Report on the Environment and Safety (at all worksites) (Japanese only)

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

Coexistence with Each Country and Region

Sumitomo Chemical has rolled out diverse activities that meet the needs of local communities and worked hard to build solid relationships with everyone in the community. In addition, through our global business development, we contribute to the economic development of each country and region.

■ Contributing to Economic Development in Each Country and Region



Looking Ahead

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

Social Activities: Supplementary Data

★: Assured by an independent assurance provider

1 Human Resources

Basic Data

■ Number of Employees, Average Age, Length of Service, Average Compensation

Item			FY2020	FY2021	FY2022
Number of employees (Sumitomo Chemical Group)	Total		34,743	34,703	33,572★
		Male	25,740	25,582	24,869★
		Female	9,003	9,121	8,703★
		Percentage of female employees (%)	25.9	26.3	25.9
Sumitomo Chemical	Total		6,277	6,488	6,637★
		Male	5,299	5,464	5,607★
		Female	978	1,024	1,030★
		Percentage of female employees (%)	15.6	15.8	15.5
Consolidated in Japan	Total		12,486	12,242	11,819★
		Male	9,610	9,373	9,002★
		Female	2,876	2,869	2,817★
		Percentage of female employees (%)	23.0	23.4	23.8
Consolidated overseas	Total		15,980	15,973	15,116★
		Male	10,831	10,745	10,260★
		Female	5,149	5,228	4,856★
		Percentage of female employees (%)	32.2	32.7	32.1
Number of non-Japanese employees (Sumitomo Chemical)			76	71	69
Average age (Sumitomo Chemical)			41.0	41.2	41.5
		Male	41.2	41.5	41.8
		Female	40.0	39.9	39.9
Average length of service (years; Sumitomo Chemical)			15.5	15.4	15.5
		Male	15.7	15.6	15.7
		Female	14.5	14.0	14.1
Average annual compensation (yen; Sumitomo Chemical)			8,557,134	8,835,658	9,108,009
Average monthly wages (yen; Sumitomo Chemical)			327,761	332,434	338,942
		Male	328,711	333,912	340,392
		Female	323,577	326,164	332,686

Notes: • The above figures are as of March 31 for each fiscal year. Employee numbers do not include temporary employees, part-time staff, dispatch employees, and staff assigned to other companies not included in the scope of consolidation, but do include staff assigned from other companies not included in the scope of consolidation.
• Average monthly wages are for non-managerial employees (as of August of each year). Compensation is the same for the same work and the overall difference in compensation between men and women is entirely attributable to differences in age and rank.

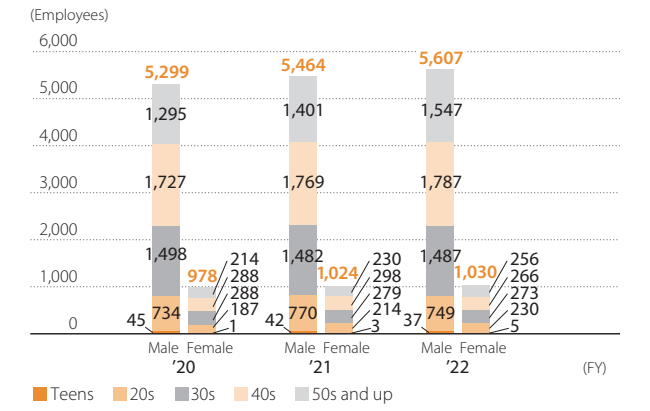
Social Activities: Supplementary Data

Number of Employees by Region and Gender (Sumitomo Chemical Group)

Region		FY2020	FY2021	FY2022
Japan	Total	18,762	18,729	18,455
	Male	14,908	14,836	14,608
	Female	3,854	3,893	3,847
(The rest of) Asia	Total	10,836	10,602	9,992
	Male	7,819	7,650	7,288
	Female	3,017	2,952	2,704
North America	Total	3,466	3,676	3,349
	Male	1,822	1,905	1,739
	Female	1,644	1,771	1,610
Central and South America	Total	865	942	991
	Male	636	680	704
	Female	229	262	287
Europe	Total	586	575	586
	Male	395	384	381
	Female	191	191	205
Middle East and Africa	Total	122	77	78
	Male	86	55	61
	Female	36	22	17
Oceania	Total	106	102	121
	Male	74	72	88
	Female	32	30	33
Total	Total	34,743	34,703	33,572

Note: As of March 31 for each fiscal year

Employee Age Composition and Distribution (Sumitomo Chemical)



Social Activities: Supplementary Data

★: Assured by an independent assurance provider

Number of New Graduate and Mid-career Hires, Percentage of Mid-career Hires (Sumitomo Chemical)

Results		FY2020	FY2021	FY2022
New graduate hires	Male	168	153	148
	Female	55	39	49
	Total	223	192	197
Mid-career hires	Male	21	66	70
	Female	3	7	14
	Total	24	73	84
Percentage of mid-career hires (%)	Total	9.7	27.5	29.9

Number of Internships (Sumitomo Chemical)

Results	FY2020	FY2021	FY2022
University students in Japan	727	196	129
University students overseas	0	0	0

Number and Percentage of People Who Left the Company (Sumitomo Chemical)

	FY2020			FY2021			FY2022		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Retired early	67	56	11	90	71	19	130	93	37
Early retirement rate (%)	1.1	1.1	1.1	1.4	1.3	1.9	2.0	1.7	3.6

Retention of New Graduate Hires (Sumitomo Chemical)

	Male	Female
New graduate hires in April 2020	168	54
Number of those remaining as of April 2023	158	47
Retention rate of new graduates after three years (%)	94	87

Promotion of DE&I

Promotions of Employees (Sumitomo Chemical) As of April 1, 2023

	Female	Male	Non-Japanese	Percentage of Female (%)
Managerial employees*	194	1,842	17	9.5★
(Those ranked general manager or above)	12	469	0	2.5
Directors and senior management	4	44	2	8.3
(Those ranked executive officer or above)	3	28	2	9.7

* All employees equivalent to managers or above

Social Activities: Supplementary Data

Number of Managers and General Employees, Percentage of Female Employees (Sumitomo Chemical Group)

		FY2020	FY2021	FY2022
Managers	Male	8,710	9,242	8,914
	Female	1,750	2,604	2,420
	Total	10,460	11,846	11,334
	Percentage of female managers (%)	16.7	22.0	21.4
General employees	Male	17,030	16,340	15,955
	Female	7,253	6,517	6,283
	Total	24,283	22,857	22,238
	Percentage of female managers (%)	29.9	28.5	28.3
Total		34,743	34,703	33,572

Note: As of March 31 for each fiscal year

Work-Life Balance

Percentage of Paid Vacation Days Used (Sumitomo Chemical)

	FY2020	FY2021	FY2022
Number of days of paid vacation provided	20.0	20.0	20.0
Number of days of paid vacation used	14.4	15.2	16.4
Percentage of paid vacation days used (%)	72.2	76.2	82.2

Average Overtime Work (Sumitomo Chemical)

(Hours/Month)

	FY2020	FY2021	FY2022
Average overtime hours	20.7	21.5	20.9

Return Rate of Employees Who Take Extended Leave for Childcare (Sumitomo Chemical)

(%)

	FY2020		FY2021		FY2022	
	Male	Female	Male	Female	Male	Female
Of employees who finished childcare leave within the fiscal year, percentage of employees who returned to work	100.0	100.0	100.0	99.0	100.0	98.6

Leave for Volunteer Work and Number of Employees Using Leave for Volunteer Work (Sumitomo Chemical)

	System in place	FY2020	FY2021	FY2022
Vacations for volunteering	Yes	3	4	5

Social Activities: Supplementary Data

2 Occupational Safety and Health / Industrial Safety and Disaster Prevention

Occupational Safety and Health Management System*

Five of the Company's plants acquired certification for the international standard ISO 45001, which is for occupational safety and health management systems, and are conducting operations accordingly. Two of the plants simultaneously acquired JISQ 45100, which added requirements related mainly to daily safety and health activities to ISO 45001 (JISQ 45001), from the Japan Industrial Safety and Health Association (JISHA). We are making preparations toward acquiring certification for ISO 45001 as well as JISQ 45100 at the remaining plants.

By fiscal 2009, Sumitomo Chemical had acquired OSHMS certification from JISHA at all of its Works and Research Laboratories. The Research Laboratories have since switched to independent operations, and the Works are working to switch to ISO 45001 certification. Currently 1 Works (4 facilities) maintains JISHA certification. (JISHA's OSHMS includes the same requirements as OHSAS 18001.)

As the Group is working toward acquiring ISO 45001 certification, it is continually undergoing transition audits and registering for certification under the latest standards to ensure there is no interruption in its progress.

* Applicable scope of the Occupational Safety and Health Management System: Employees who work at either the Company's or the Group's Works and Research Laboratories (including temporary, part-time, and dispatch employees)

JISHA's Official Websites

Japanese: https://www.jisha.or.jp/about/index.html

English: https://www.jisha.or.jp/english/index.html

■ Acquisition of ISO 45001 and JISQ 45100 Certification (Sumitomo Chemical)

Facilities	Certificate Number	Certification Date
Osaka Works	ISO 45001: JISHA-O-31	April 2020
Osaka Works	JISQ 45100: JISHA-31	April 2020
Chiba Works	ISO 45001: JISHA-O-61	June 2021
Chiba Works	JISQ 45100: JISHA-61	June 2021
Misawa Works	ISO 45001: JQA-OH0346	July 2021
Ehime Works	ISO 45001: JCQA-O-0102	September 2021
Ohe Works	ISO 45001: JCQA-O-0106	February 2022

Social Activities: Supplementary Data

Acquisition of ISO 45001 Certification (Overseas Group Companies)

Companies	Certificate Number	Certification Date
Bara Chemical Co., Ltd.	24131411002	November 2025
Sumipex (Thailand) Co., Ltd.	TH11/6111	November 2023
The Polyolefin Company (Singapore) Pte. Ltd.	OHS-45001-2021-0281	April 2025
Sumitomo Chemical Asia Pte Ltd (S-SBR plant)	SCS 102718OI	August 2024
Xuyou Electronic Materials (Wuxi) Co., Ltd.	00220S23911R0M	December 2023
Sumika Huabei Electronic Materials (Beijing) Co., Ltd.	19921S00870R1M	January 2025
Sumika Electronic Materials (Hefei) Co., Ltd.	268259-2018-ASA-RGC-RvA	August 2024
Sumika Electronic Materials (Xi'an) Co., Ltd.	CN20/10076	August 2024
Sumika Electronic Materials (Chongqing) Co., Ltd.	CN19/21790	December 2024
Sumika Electronic Materials (Shanghai) Co., Ltd.	11721SU0012-07R1S	February 2025
Sumika Technology Co., Ltd.	OHS510533	December 2024
Dongwoo Fine-Chem Co., Ltd. (Pyeongtaek)	SAC-0600401	July 2024
Dongwoo Fine-Chem Co., Ltd. (Samki)	KR20/81826441	August 2023
Dalian Sumika Jingang Chemicals Co., Ltd.	02121S10208R1M	March 2024
Sumitomo Chemical India Limited (Vapi plant)	OHS740098	March 2024
Sumitomo Chemical India Limited (Bhavnaga plant)	99 117 00757/02	October 2024
Sumitomo Chemical India Limited (Gajod plant)	99 117 00757/03	October 2024
Sumitomo Chemical India Limited (Silvassa plant)	99 117 00757/04	October 2024

Acquisition of JISHA's OSHMS Certification (Sumitomo Chemical)

Facilities	Certificate Number	Certification Date
Oita Works	06-44-1	July 2006
Oita Works (Utajima)	09-27-14	January 2009
Oita Works (Gifu Plant)	09-21-6	February 2009
Oita Works (Okayama Plant)	09-33-7	February 2009

Social Activities: Supplementary Data

Voluntary Safety Management of High-Pressure Gas Based on Certification by the Minister

Sumitomo Chemical continually renews the Accreditation of Completion and Safety Inspection, as stipulated in the High Pressure Gas Safety Act, for the Ehime Works and the Chiba Works. Certification is given to facilities that have achieved excellent safety, management, and technological levels and that are recognized as having met legally mandated requirements for safety management systems. Certified plants are allowed to conduct Completion Inspections and Safety Inspections of their own facilities in place of national, prefectural, and other governmental organizations.

■ Number of Accreditations of Completion and Safety Inspection Given for Sumitomo Chemical Facilities

Works	Area	Year of certification	Year and month renewed	Number of facilities given accreditation
Ehime Works	Niihama	2002	March 2023	13
	Kikumoto	2002	March 2023	4
Chiba Works	Anesaki	1987	May 2019	8
	Sodegaura	1987	May 2019	15

Note: Number of facilities given accreditation data as of the time of certification renewal.

Social Activities: Supplementary Data

Criteria and Results of the President's Safety Award for Zero-Lost Workday Operations (as of May 31, 2023)

Sumitomo Chemical has set facility specific criteria for the achievement of continuous periods of zero-lost workday operations for employees as well as contractors. The President's Safety Award is presented to facilities in recognition of their satisfaction of the above-mentioned criteria.

Sumitomo Chemical Employees (Works, Research Laboratories)

Facilities	Criteria for the President's Safety Award*1	Results
Ehime Works	3 million hours	A lost workday accident occurred in April 2023. Working to reach the target of 3 million hours.
Ohe Works*2	3 million hours	Working to reach the target of 12 million work hours.
Chiba Works	3 million hours	Working to reach the target of 9 million work hours.
Osaka Works	3 million hours	A lost workday accident occurred in February 2023. Working to reach the target of 3 million hours.
Oita Works*3	3 million hours	A lost workday accident occurred in January 2023. Working to reach the target of 3 million hours.
Ibaraki Works	120 months	Working to reach the target of 120 months.
Misawa Works	30 months	Working to reach the target of 60 months.
Health & Crop Sciences Research Laboratory	30 months	Working to reach the target of 90 months.
Tsukuba Regional Research Laboratory*4	30 months	Working to reach the target of 420 months.

Contractors / Affiliated Company Employees of Sumitomo Chemical (Works, Research Laboratories)

Facilities	Criteria for the President's Safety Award*1	Results
Ehime Association (Plant maintenance)	24 months	A lost workday accident occurred in April 2023. Working to reach the target of 24 months.
Ehime Logistics Association (Logistics)	24 months	Working to reach the target of 48 months.
Ohe Association (Plant maintenance)	48 months	Working to reach the target of 192 months.
Ohe Logistics Association (Logistics)	48 months	Working to reach the target of 192 months.
Chiba Association (Plant maintenance)	24 months	A lost workday accident occurred in February 2023. Working to reach the target of 24 months.
Chiba Logistics Association (Logistics)	24 months	Working to reach the target of 48 months.
Osaka Association	24 months	Working to reach the target of 24 months.
Oita Association (Plant maintenance)	24 months	Working to reach the target of 168 months.
Oita Association (Logistics)	24 months	Working to reach the target of 168 months.
Okayama Association	48 months	A lost workday accident occurred in November 2020. Working to reach the target of 48 months.
Gifu Association	48 months	Working to reach the target of 192 months.
Misawa Works	48 months	Working to reach the target of 48 months.
Health & Crop Sciences Research Laboratory	48 months	Working to reach the target of 336 months.
Tsukuba Regional Research Laboratory*4	48 months	Working to reach the target of 192 months.

*1 Continuous periods of zero-lost workday operations.
*2 Ohe Works includes Sumika Assembly Techno Co., Ltd.
*3 Oita Works includes the Utajima Pilot Production Department, Gifu Plant, and Okayama Plant.
*4 The Tsukuba Regional Research Laboratory was reorganized into the Advanced Materials Development Research Laboratory (Tsukuba) and Energy & Functional Materials Research Laboratory (Tsukuba).

Social Activities: Supplementary Data

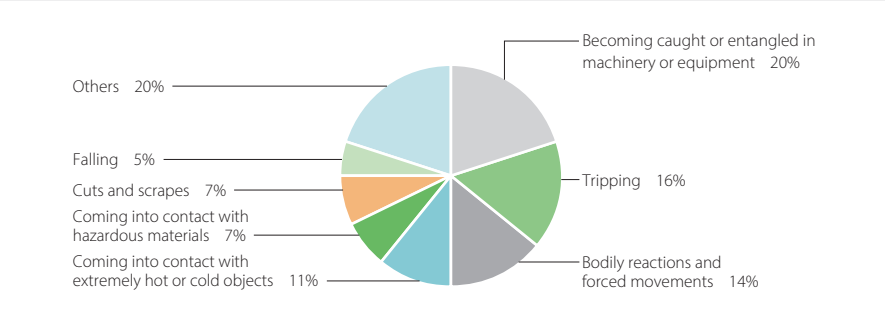
Safety Achievements

Lost-Workday Injuries (Sumitomo Chemical Group*)

	FY2019	FY2020	FY2021	FY2022
Number of lost-workday injuries	27	40	26	44
Frequency rate of lost-workday injuries	0.42	0.46	0.29	0.50
Number of fatal accidents (Sumitomo Chemical and consolidated Group companies in Japan and overseas)	0	0	0	0
Number of fatal accidents (including Sumitomo Chemical contractors and others)	0	0	1	1

Notes: • An error that was made regarding the number of fatalities in fiscal 2021 has been corrected.
• The boundary of fatalities and injuries has been changed since fiscal 2022 to conform to the definition in note * below.

FY2022 Breakdown of Causes of Injury by Type (Sumitomo Chemical Group*)

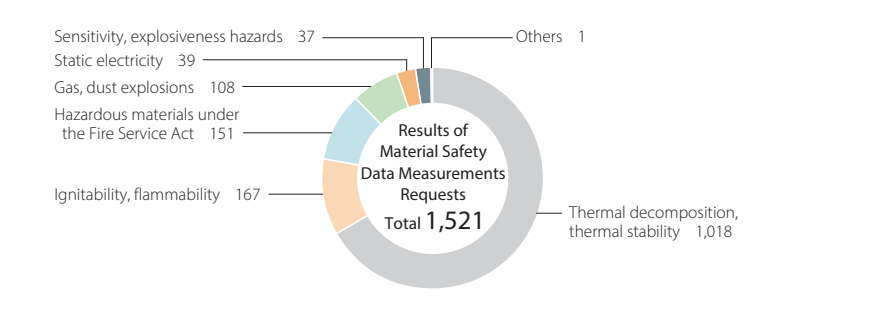


* Changed the definition of the Group for occupational health and safety in fiscal 2020
Up to FY2019: Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.
FY2020 on: Sumitomo Chemical (including contractors) and consolidated subsidiaries in Japan and overseas.

Social Activities: Supplementary Data

Industrial Safety and Disaster Prevention Results

FY2022 Results of Material Safety Data Measurements Requests (Sumitomo Chemical Group*)



* Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.

The Safety Engineering Group at the Production & Safety Fundamental Technology Center studies and assesses process safety, researches safety measures, measures and evaluates material safety data, compiles a database on safety technologies, and undertakes training for safety engineers in its efforts to enhance process safety management and to prevent accidents such as fires and explosions. In fiscal 2022, 1,460 material safety data measurements were taken from within Sumitomo Chemical (2,019 in fiscal 2021) and 61 measurements were taken from Group companies (161 in fiscal 2021) for a total of 1,521 (2,180 in fiscal 2021).

The Launch of Several Process Safety Review Committees (Sumitomo Chemical)

	R&D stages		Industrialization stage		
Fiscal Year	Level 1	Level 2	Level 3	Level 4	Level 5
2019	25	17	30	67	21
2020	26	28	16	91	22
2021	25	38	30	91	29
2022	19	17	31	63	15

When new processes are developed at Sumitomo Chemical, the Process Safety Review Committee (levels 1 to 5) convenes at every step, from R&D through to industrial-scale production. In essence, this committee focuses on process safety assessment results and confirms whether safety countermeasures are appropriate.

Safety Information Database (Sumitomo Chemical)

	Number of data sets	(Year on year comparison)
Accident prevention technology information	21,697	(Increased by 540)
Accident cause investigations	2,653	(Increased by 39)
Accident information	21,090	(Increased by 92)
As of March 31, 2023	45,440	(Increased by 671)

A safety information database has been created by collecting information on accidents in Japan and overseas and compiling abstracts of said data. As of the end of March 2023, 45,440 sets of data were stored in the database (44,769 sets of data as of March 31, 2022). This system allows all employees at each Works or Research Laboratory to search stored data using individual terminals. This data is also used in process hazard evaluations and case study examinations to prevent similar accidents. In addition, accident data is also disclosed to Group companies as necessary.

Social Activities: Supplementary Data

3 Product Stewardship / Product Safety / Quality Assurance

Quality Management System

■ Acquisition of ISO 9001 Certification (Sumitomo Chemical)

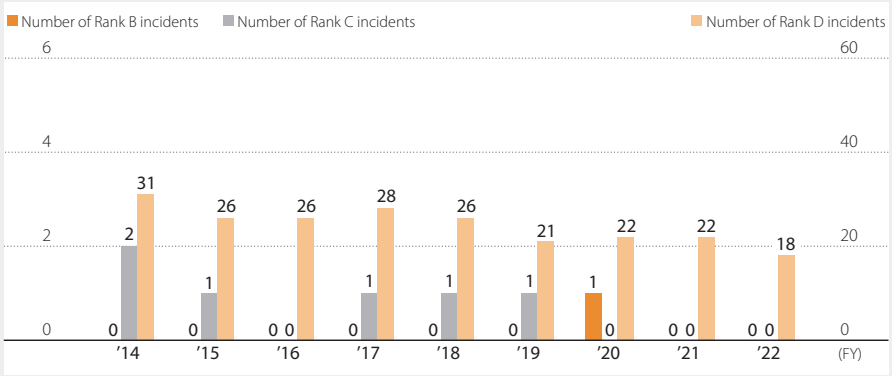
Works	Certificate Number	Certification Date
Ehime Works	JCQA-0019 JET-0847	October 1994 August 2009
Chiba Works	JQA-0829	March 1995
Osaka Works	JQA-0721 JQA-QMA16585	December 1994 October 2022
Oita Works	JQA-1069	December 1995
Oita Works (Okayama Plant)	JSAQ-2904	October 2020
Misawa Works	JQA-0752	December 1994
Ohe Works	JET-0829 JCQA-1720	April 1998 January 2010
Ibaraki Works	ISO 9001-0067280	July 2015

Furthermore, the Oita Works (Gifu Plant) has been pursuing Good Manufacturing Practice (GMP) management.

Logistics Quality Assurance

In fiscal 2022, the Company reported 18 incidents of rank D. Of these incidents, 7 involved shipping error or false delivery, which can cause significant problems in the quality of customers' products. Going forward, we will continue to take measures to reduce the number of incidents affecting logistics quality, such as promoting measures to prevent recurrences and rolling out said measures across the Company.

■ Logistics Incidents Having an Impact on Our Customers (Sumitomo Chemical)*



Notes: • Ranks reflect Sumitomo Chemical's standard, which classifies incidents into Ranks A, B, C, and D in descending order of severity.
• There were no occurrences of Rank A (the most severe) incidents.
• Incidents within the scope of logistics operations are consigned to Sumitomo Chemical.

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

List of Policies

We have gathered together the Sumitomo Chemical Group's policies, guidelines, and other guidance related to sustainability.

Policies	Web
Corporate Philosophy	
The Sumitomo Spirit	https://www.sumitomo-chem.co.jp/english/company/principles/sumitomo/
Business Philosophy	https://www.sumitomo-chem.co.jp/english/company/principles/philosophy/
Basic Principles for Promoting Sustainability	https://www.sumitomo-chem.co.jp/english/sustainability/vision/principles/basic_principles/
Sumitomo Chemical Charter for Business Conduct	https://www.sumitomo-chem.co.jp/english/company/principles/charter/
Governance	
Sumitomo Chemical Corporate Governance Guidelines	https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_pdf_01.pdf
Corporate Governance Report	https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_report_e.pdf
Implementation Policy for Japan's Stewardship Code	https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/stewardship_E.pdf
Basic policy for Enhancement of the Internal Control System	https://www.sumitomo-chem.co.jp/english/company/files/docs/InternalControlSystem_20190329_e.pdf
Compliance Manual	https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/rules_society/
Basic Policy Regarding on Compliance	https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/
Compliance Manual for Bribery Prevention (Outline)	https://www.sumitomo-chem.co.jp/english/sustainability/governance/anti_corruption/#headline-manuals
Sumitomo Chemical Group Tax Policy	https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/sumitomo_chemical_group_tax_policy.pdf
Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality)	https://www.sumitomo-chem.co.jp/english/sustainability/governance/responsiblecare/promote/
Eco-First Commitments	https://www.sumitomo-chem.co.jp/english/sustainability/governance/responsiblecare/ecofirst/
Environment	
Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality)	https://www.sumitomo-chem.co.jp/english/sustainability/governance/responsiblecare/promote/
Sumitomo Chemical Group Basic Policy Towards a Circular System for Plastics	https://www.sumitomo-chem.co.jp/english/news/files/docs/20200601e_policy.pdf
Sumitomo Chemical's Commitment to the Conservation of Biodiversity	https://www.sumitomo-chem.co.jp/english/sustainability/environment/conservation/#headline-1670300562
Society (Social Activities)	
Sumitomo Chemical Group Human Rights Policy	https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/HumanRightsPolicy_e.pdf
Compliance with the Laws and Regulations involving Respect for Human Rights World-wide	https://www.sumitomo-chem.co.jp/english/sustainability/society/human_rights/statement/
Basic Procurement Principles	https://www.sumitomo-chem.co.jp/english/company/purchasing/principles/
Sumitomo Chemical Group Supplier Code of Conduct	https://www.sumitomo-chem.co.jp/sustainability/files/docs/suppliers_code_of_conduct_e.pdf
Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials	https://www.sumitomo-chem.co.jp/english/sustainability/society/procurement/minerals/
Human Resources System Initiatives	https://www.sumitomo-chem.co.jp/english/sustainability/society/management/#headline-1582008514
Group Diversity, Equity, and Inclusion Policy	https://www.sumitomo-chem.co.jp/english/sustainability/society/management/#headline-1670338114
Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality)	https://www.sumitomo-chem.co.jp/english/sustainability/governance/responsiblecare/promote/
Sumitomo Chemical's Social Contribution Activities	https://www.sumitomo-chem.co.jp/english/sustainability/society/region/

Calculation Standards for Environmental and Social Data Indicators

1. Period: April 2022 to March 2023
2. Boundary: Refer to Boundary of This Report on page 3 of the Sustainability Data Book 2023.
3. Calculation Method:

Environmental Data Indicator		Unit	Calculation Method
Energy	Energy consumption	Thousand kl of crude oil	{(Amount of electricity purchased × Per-unit heating value + Amount of heat purchased × Per-unit heating value) + Σ (Amount of each fuel used × Per-unit heating value for each fuel)} × 0.0258 The per-unit heating value of electricity, per-unit heating value for each fuel, and the types of fuel included in the scope of calculation are based on the values and calculation methods outlined in the Act on the Rational Use of Energy. Because we calculated GHG emissions based on the GHG Protocol from fiscal 2017, the energy usage amount includes the energy used to produce electricity and steam sold to external parties by the Group. The heating value used overseas is based on standard heating values used in the formulation of Japanese laws.
Amount of Exhaustible Resources Used	Hydrocarbon compounds	Thousand tons	Total amount of hydrocarbon compounds used as raw materials (only raw materials purchased from outside the Sumitomo Chemical Group).
	Metals (excluding minor metals)	Thousand tons	Total amount of metals, excluding minor metals, used as raw materials: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium (only raw materials purchased from outside the Sumitomo Chemical Group).
	Minor metals	Thousand tons	Total amount of minor metals used as raw materials: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium (only raw materials purchased from outside the Sumitomo Chemical Group).
Water	Industrial water Drinking water Seawater Groundwater Other water	Million tons	Amount of industrial water, drinking water, seawater, groundwater, and other water used.
PCBs/CFCs in Use or under Secure Storage	No. of electrical devices containing high concentrations of PCBs	Units	The number of electrical devices containing high concentrations of PCBs, such as condensers and transformers, that are currently in use or under secure storage. Does not include fluorescent lamps and mercury lamp ballasts or contaminated substances (wastepaper, etc.).
	PCB volume	kl	The total amount of PCBs in electrical devices containing PCBs, calculated as the net PCB content by volume. Does not include fluorescent lamps and mercury lamp ballasts or contaminated substances (wastepaper, etc.).
	No. of refrigeration units using specified CFCs as a coolant	Units	No. of refrigeration units using specified CFCs as a coolant.
	No. of refrigeration units using specified HCFCs as a coolant	Units	No. of refrigeration units using specified HCFCs as a coolant.
Products	Calculated on the basis of ethylene production	Thousand tons	The production volume of products is calculated on the basis of ethylene production, using the amount of energy necessary to manufacture the products by weight and the amount of energy necessary for ethylene production by weight. Some assumptions were made in calculations due to the difficulty of obtaining weight-based figures for certain products.
Water Pollutant Emissions	COD	Tons	The total amount of COD emitted into public water area (coastal waters/waterways) and sewer systems. Calculated as: The COD concentration at drains included in the scope of calculation × The amount of water drained into public water bodies and sewer systems from each drain.
	Phosphorus	Tons	The total amount of phosphorus emitted into public water area (coastal waters/waterways) and sewer systems. Calculated as: The phosphorus concentration at drains included in the scope of calculation × The amount of water drained into public water bodies and sewer systems from each drain.
	Nitrogen	Tons	The total amount of nitrogen emitted into public water area (coastal waters/waterways) and sewer systems. Calculated as: The nitrogen concentration at drains included in the scope of calculation × The amount of water drained into public water bodies and sewer systems from each drain.
Waste Materials	Waste emission amount	Thousand tons	The total amount of waste discharged from business sites. The amount of coal ash generated at Sumitomo Joint Electric Power Co., Ltd., which is included in the waste discharge amount, is calculated on a dry-weight basis.
	Landfill disposal amount: – On-site landfill – External landfill	Thousand tons	The total amount of waste disposed of in landfills. The amount of coal ash generated at Sumitomo Joint Electric Power Co., Ltd., which is included in the landfill disposal amount, is calculated on a dry-weight basis. * Landfill disposal amount for Sumitomo Chemical: Of the waste remaining after external reduction processing, the entire amount disposed of in landfills (not recycled) is calculated as the external landfill disposal amount.
	Total landfill	Thousand tons	The total amount of waste disposed of in landfills.

Calculation Standards for Environmental and Social Data Indicators

Environmental Data Indicator		Unit	Calculation Method
Atmospheric Emissions	Greenhouse gas emissions	Thousand tons of CO_2	**CO_2 emissions from energy use:** Amount of electricity purchased × CO_2 emission factors for electricity + Amount of steam purchased × CO_2 emission factors for steam + Σ(Amount of each fuel used × Per-unit heating value for each fuel × CO_2 emission coefficient for each fuel) The CO_2 emission factors for steam, per-unit heating value for each fuel, and CO_2 emission factors for each fuel are based on the values outlined in the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures. The CO_2 emission factors for electricity in Japan uses the values for each fiscal year by electric power company and that for overseas uses the values by electric power company along with the IEA's fiscal 2020 efficiency indicators for each country. From fiscal 2017, results include the energy used to produce the power and steam sold to external parties based on the GHG Protocol. **CO_2 emissions from other than energy use and non-CO_2 GHG emissions:** In Japan, results are based on the calculation method outlined in the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures. From fiscal 2017, results include CO_2 emissions generated by processes not subject to reporting under the Act on Promotion of Global Warming Countermeasures. Overseas, figures are calculated in accordance with the laws and regulations of their respective countries.
	NOx	Tons	The total amount of nitrogen oxides originating from facilities specified in the Air Pollution Control Act. Calculated as: Each facility's dry gas emission volume × NOx (N_2O) concentration.
	SOx	Tons	The total amount of sulfur oxides originating from facilities specified in the Air Pollution Control Act. Calculated as: Amount of sulfur in fuel used by each facility × Amount of fuel used. Or calculated as: Each facility's dry gas emission volume × SOx (SO_2) concentration.
	Soot and dust	Tons	The total amount of soot and dust originating from facilities specified in the Air Pollution Control Act. Calculated as: Each facility's dry gas emission volume × Soot and dust concentration.
Substances Subject to the PRTR Act	Atmospheric emissions, water pollutant emission	Tons	Calculated based on the amended Order for Enforcement of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (amended Order for Enforcement of the PRTR Act), executed on April 1, 2010.
Logistics	Energy consumption	Thousand kl of crude oil	The energy consumption is calculated as 10 GJ = 0.258 kl of crude oil, based on the Energy Saving Act Guide Book for Shippers written and edited by Japan's Agency for Natural Resources and Energy.
	CO_2 emissions	Thousand tons of CO_2	Calculated based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Ver. 4.8) from Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry using the energy consumption calculated above in GJ.
Scope 3 Greenhouse Gas Emissions	Category 1: Purchased goods and services	Tons of CO_2	Σ {(Volume and monetary amount of goods and services purchased and acquired × Emission intensity)} Values used for emission intensity (volume) are based on the values outlined in IDEA v2 (for calculating supply chain greenhouse gas emissions). Values used for emission intensity (monetary amount) calculations are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023.
	Category 2: Capital goods	Tons of CO_2	Σ {(Value of capital goods) × (Emission intensity)} Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023.
	Category 3: Fuels and energy-related activities not included in Scope 1 or 2	Tons of CO_2	Σ {(Amount of electricity purchased) × (Emissions intensity)} + Σ{(Amount of heat purchased) × (Emissions intensity)} + Σ{(Amount of each fuel used) × (Emissions intensity for each fuel)} Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023 and IDEA v2 (for calculating supply chain greenhouse gas emissions).
	Category 4: Upstream transportation and distribution	Tons of CO_2	Calculated by the calculation method for CO_2 emissions in logistics area or by using values based on IDEA v2 (for calculating supply chain greenhouse gas emissions).
	Category 5: Waste generated in operations	Tons of CO_2	Σ (Amount of waste by type × CO_2 emissions intensity of waste by type) CO_2 emissions intensity of waste by type are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023.
	Category 6: Business travel	Tons of CO_2	By mode of travel: Σ (Expenses paid for transportation × Emission intensity) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023.
	Category 7: Employee commuting	Tons of CO_2	By mode of commuting: Σ (Expenses paid for transportation × Emission intensity) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023 and IDEA v2 (for calculating supply chain greenhouse gas emissions).

Calculation Standards for Environmental and Social Data Indicators

Environmental Data Indicator		Unit	Calculation Method
Scope 3 Greenhouse Gas Emissions	Category 8: Upstream leased assets	Tons of CO_2	Calculations of emissions from leased vehicles: Σ (Amount of gasoline consumed annually per vehicle × Emission intensity) The amount of gasoline consumed annually per vehicle is calculated using the Annual Report on Automobile Transportation Statistics. Values used for emission intensity are based on the emission factors outlined in the Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures.
	Category 9: Downstream transportation and distribution	Tons of CO_2	Refer to the calculation method used for CO_2 emissions in the logistics section above. Calculations are for fertilizer products for which the sales destination are known and that are sold to consumers as final products.
	Category 10: Processing of sold products	Tons of CO_2	Exempted: The Group's products are mainly materials and components used for various applications, which makes it difficult to know such details as the nature of the processing products undergo after delivery. Based on the calculation guidelines for the chemical industry created by the WBCSD, the Group is exempted from this category.
	Category 11: Use of sold products	Tons of CO_2	Calculations are for the pharmaceutical product fixed-dose mist inhalers as well as fertilizer products for which GHG emissions levels are known and that are sold to consumers as final products. Σ (Fertilizer sales volume by type × Percentage of nitrogen in fertilizers by type × N_2O emission factors by type × 298 (GWP)) Σ (HFC volume in fixed-dose mist inhalers × GWP) Values for GWP are based on emission factors listed in Appendix 15 under the Calculation Method and Emission Factors Chart in the Accounting, Reporting, and Disclosure System of the Order for Enforcement of the Act on Promotion of Global Warming Countermeasures.
	Category 12: End-of-life treatment of sold products	Tons of CO_2	Calculations are for the Group's main resin-related products. Σ {(Production volume of resin-related products) × (Emission intensity)} Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.3 March 2023.
	Category 13: Downstream leased assets	Tons of CO_2	Exempted: There are no relevant leased assets.
	Category 14: Franchises	Tons of CO_2	Exempted: There are no relevant operations.
	Category 15: Investments	Tons of CO_2	Exempted: Because Sumitomo Chemical changed its approach to financial control consolidation for disclosure purposes from fiscal 2017, the Group is now exempted from this category.

Social and Economic Data Indicator		Unit	Calculation Method
Occupational Safety and Health	Frequency rate	—	(Number of lost-workday injuries and casualties ÷ Cumulative total of hours worked) × 1,000,000
	Severity rate	—	(Cumulative total of workdays lost ÷ Cumulative total of hours worked) × 1,000

Environmental Accounting Indicators		Unit	Calculation Method
Environmental Protection Costs		Billion yen	Costs include depreciation.
Economic Benefits	Reduced costs through energy saving	Billion yen	Reduced costs of energy through energy-saving activities.
	Reduced costs through resource saving	Billion yen	Reduced costs of waste processing attributable to resource-saving activities.
	Reduced costs through recycling activities	Billion yen	Reduced costs of waste processing compared to the previous fiscal year through waste reduction attributable to recycling activities and gains on sales of valuable resources obtained from recycling, etc.

Independent Assurance Report

To the Representative Director & President of Sumitomo Chemical Company, Limited

We were engaged by Sumitomo Chemical Company, Limited (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with "★" (the "Indicators") for the period from April 1, 2022 to March 31, 2023 (with the exception of the "Number of women in positions equivalent to manager or above" and the "Percentage of women in positions equivalent to sectional manager or above", which are as of April 1, 2023) included in its Sustainability Data Book 2023 (the "Data Book") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Data Book.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Data Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Data Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories and one of the Company's subsidiaries selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data Book.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Shinnosuke Kayumi

Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
October 25, 2023

GRI Standards Reference Table

Statement of use

Sumitomo Chemical Co., Ltd. has reported the information cited in this GRI content index for the period (Group companies in japan: April 1, 2022 – March 31, 2023 (FY2022); overseas Group companies: January 1, 2022 – December 31, 2022) with reference to the GRI Standards.

Universal Standards

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
GRI2: General Disclosures 2021					
The organization and its reporting practices					
2-1	Organizational details	a. report its legal name; b. report its nature of ownership and legal form; c. report the location of its headquarters; d. report its countries of operation.	Introduction to the Sumitomo Chemical Group	P.4	Corporate Profile Business Locations & Group Companies
2-2	Entities included in the organization's sustainability reporting	a. list all its entities included in its sustainability reporting; b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting; c. if the organization consists of multiple entities, explain the approach used for consolidating the information, including: i. whether the approach involves adjustments to information for minority interests; ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	Report Profile	P.3	Consolidated Financial Statements
2-3	Reporting period, frequency and contact point	a. specify the reporting period for, and the frequency of, its sustainability reporting; b. specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this; c. report the publication date of the report or reported information; d. specify the contact point for questions about the report or reported information.	Report Profile GRI Standards Reference Table	P.3 PP.242-262	Inquiry about Sustainability
2-4	Restatements of information	a. report restatements of information made from previous reporting periods and explain: i. the reasons for the restatements; ii. the effect of the restatements.	Achievements in DE&I No. of refrigeration units using HCFCs as a coolant Common Environmental Protection and Management Targets (Overseas) Lost-Workday Injuries	P.190 P.134 P.151 P.234	
2-5	External assurance	a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved; b. if the organization's sustainability reporting has been externally assured: i. provide a link or reference to the external assurance report(s) or assurance statement(s); ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organization and the assurance provider.	Editorial Policy Independent Assurance Report Sustainability Promotion System	P.2 P.241 PP.16-17	
Activities and workers					
2-6	Activities, value chain and other business relationships	a. report the sector(s) in which it is active; b. describe its value chain, including: i. the organization's activities, products, services, and markets served; ii. the organization's supply chain; iii. the entities downstream from the organization and their activities; c. report other relevant business relationships; d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.			Business Sector Report(Annual Report 2023 PP.63-82) Production Flow Charts(Investors' Handbook 2023 PP.76-83)

GRI Standards Reference Table

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
2-7	Employees	a. report the total number of employees, and a breakdown of this total by gender and by region; b. report the total number of: i. permanent employees, and a breakdown by gender and by region; ii. temporary employees, and a breakdown by gender and by region; iii. non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region; c. describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology; d. report contextual information necessary to understand the data reported under 2-7-a and 2-7-b; e. describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	Human Resources Diversity, Equity, and Inclusion (DE&I)	PP.226-229 PP.186-190	
2-8	Workers who are not employees	a. report the total number of workers who are not employees and whose work is controlled by the organization and describe: i. the most common types of worker and their contractual relationship with the organization; ii. the type of work they perform; b. describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology; c. describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	—	—	Consolidated Financial Statements
Governance					
2-9	Governance structure and composition	a. describe its governance structure, including committees of the highest governance body; b. list the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organization's impacts on the economy, environment, and people; c. describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organization; viii. stakeholder representation.	Corporate Governance Organization Sustainability Promotion System	PP.54-57 PP.16-17	Corporate Governance Report
2-10	Nomination and selection of the highest governance body	a. describe the nomination and selection processes for the highest governance body and its committees; b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organization.	Corporate Governance Organization Directors & Senior Management Expertise and Experience of Directors and Audit & Supervisory Board Members	PP.54-57 PP.67-69 P.70	Corporate Governance Report
2-11	Chair of the highest governance body	a. report whether the chair of the highest governance body is also a senior executive in the organization; b. if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	Corporate Governance Organization	PP.54-57	Corporate Governance Report

GRI Standards Reference Table

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
2-12	Role of the highest governance body in overseeing the management of impacts	a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development; b. describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including: i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes; c. describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review.	Sustainability Promotion System Corporate Governance Disclosure in Line with TCFD Recommendations (Governance)	PP.16-17 PP.53-70 P.103	
2-13	Delegation of responsibility for managing impacts	a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees; b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.	Sustainability Promotion System Corporate Governance Organization Disclosure in Line with TCFD Recommendations (Governance)	PP.16-17 PP.54-57 P.103	
2-14	Role of the highest governance body in sustainability reporting	a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information; b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.	Sustainability Promotion System	PP.16-17	
2-15	Conflicts of interest	a. describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated; b. report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances.	Corporate Governance Organization Efforts to Substantively Strengthen Corporate Governance Listed Company with Listed Subsidiaries Cross-Shareholdings The Internal Structure regarding Timely Disclosure	PP.54-57 PP.58-59 PP.64-65 P.66 P.72	Corporate Governance Report Consolidated Financial Statements
2-16	Communication of critical concerns	a. describe whether and how critical concerns are communicated to the highest governance body; b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.	Sustainability Promotion System Internal Control Risk Management Compliance System at the Sumitomo Chemical Group	PP.16-17 PP.71-72 PP.73-75 PP.77-78	
2-17	Collective knowledge of the highest governance body	a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Efforts to Substantively Strengthen Corporate Governance Sustainability Promotion System	PP.58-59 PP.16-17	
2-18	Evaluation of the performance of the highest governance body	a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; b. report whether the evaluations are independent or not, and the frequency of the evaluations; c. describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices.	Efforts to Substantively Strengthen Corporate Governance	PP.58-59	

GRI Standards Reference Table

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
2-19	Remuneration policies	a. describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits; b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.	Remuneration (Applied to Directors and Executive Officers)	PP.61-63	
2-20	Process to determine remuneration	a. describe the process for designing its remuneration policies and for determining remuneration, including: i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives; b. report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	Remuneration (Applied to Directors and Executive Officers)	PP.61-63	
2-21	Annual total compensation ratio	a. report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual); b. report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); c. report contextual information necessary to understand the data and how the data has been compiled.	—	—	
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	a. report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	President's Message	PP.6-11	
2-23	Policy commitments	a. describe its policy commitments for responsible business conduct, including: i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights; b. describe its specific policy commitment to respect human rights, including: i. the internationally recognized human rights that the commitment covers; ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment; c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this; d. report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level; e. report the extent to which the policy commitments apply to the organization's activities and to its business relationships; f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	Sumitomo Chemical's Corporate Philosophy What Sumitomo Chemical Group Strives to Be Respect for Human Rights List of Policies	PP.12-13 P.14 PP.158-169 P.237	

GRI Standards Reference Table

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
2-24	Embedding policy commitments	a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments.	The Material Issues to Be Addressed as Management Priorities Key Performance Indicators (KPIs) for Material Issues Sustainability Promotion System Respect for Human Rights Procurement	PP.18-19 PP.20-28 PP.16-17 PP.158-169 PP.170-175	
2-25	Processes to remediate negative impacts	a. describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to; b. describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in; c. describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to; d. describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms; e. describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.	Risk Management Respect for Human Rights Internal Reporting System (Speak-Up System)	PP.73-75 PP.158-169 PP.79-80	
2-26	Mechanisms for seeking advice and raising concerns	a. describe the mechanisms for individuals to: i. seek advice on implementing the organization's policies and practices for responsible business conduct; ii. raise concerns about the organization's business conduct.	Internal Reporting System (Speak-Up System)	PP.79-80	
2-27	Compliance with laws and regulations	a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: i. instances for which fines were incurred; ii. instances for which non-monetary sanctions were incurred; b. report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods; c. describe the significant instances of non-compliance; d. describe how it has determined significant instances of non-compliance.	Risk Management Compliance Occupational Safety and Health /Industrial Safety and Disaster Prevention Product Stewardship / Product Safety / Quality Assurance Safety Achievements, Industrial Safety and Disaster Prevention Results, Logistics Quality Assurance	PP.73-75 PP.76-83 PP.198-204 PP.205-210 PP.234-236	
2-28	Membership associations	a. report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role.	Participation in Initiatives	PP.38-43	
Stakeholder engagement					
2-29	Approach to stakeholder engagement	a. describe its approach to engaging with stakeholders, including: i. the categories of stakeholders it engages with, and how they are identified; ii. the purpose of the stakeholder engagement; iii. how the organization seeks to ensure meaningful engagement with stakeholders.	Communication with Stakeholders	PP.44-45	IR Activities (Annual Report 2023 PP.35-36)
2-30	Collective bargaining agreements	a. report the percentage of total employees covered by collective bargaining agreements; b. for employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.	Communication with Employees	P.181	

GRI Standards Reference Table

No.	Disclosure	Reporting requirements	Corresponding part		
			The Sustainability Data Book 2023		Website and related reports
Disclosures on material topics					
3-1	Process to determine material topics	a. describe the process it has followed to determine its material topics, including: i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance; b. specify the stakeholders and experts whose views have informed the process of determining its material topics.	The Material Issues to Be Addressed as Management Priorities Climate Change Mitigation and Adaptation	PP.18-19 PP.102-115	
3-2	List of material topics	a. list its material topics; b. report changes to the list of material topics compared to the previous reporting period.	The Material Issues to Be Addressed as Management Priorities Key Performance Indicators (KPIs) for Material Issues	PP.18-19 PP.20-28	
3-3	Management of material topics	a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts, including: i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts; e. report the following information about tracking the effectiveness of the actions taken: i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	The Material Issues to Be Addressed as Management Priorities Key Performance Indicators (KPIs) for Material Issues Sustainability Promotion System Climate Change Mitigation and Adaptation Sumika Sustainable Solutions (SSS)	PP.18-19 PP.20-28 PP.16-17 PP.102-115 PP.30-35	

GRI Standards Reference Table

Topic-specific Standards

○: Items related material aspects for Sumitomo Chemical Group in GRI Standards ID 200 – 400 range

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
ECONOMIC					
GRI201: Economic Performance 2016					
201-1		Direct economic value generated and distributed	a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	Consolidated Financial Statements	
201-2	○	Financial implications and other risks and opportunities due to climate change	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	Disclosure in Line with TCFD Recommendations	PP.103-115
201-3		Defined benefit plan obligations and other retirement plans	a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities. b. If a separate fund exists to pay the plan's pension liabilities: i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made. c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Percentage of salary contributed by employee or employer. e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.	Consolidated Financial Statements	
201-4		Financial assistance received from government	a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including: i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation. b. The information in 201-4-a by country. c. Whether, and the extent to which, any government is present in the shareholding structure.	—	—
GRI202: Market Presence 2016					
202-1		Ratios of standard entry level wage by gender compared to local minimum wage	a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage. b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage. c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used. d. The definition used for 'significant locations of operation'.	—	—

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
202-2		Proportion of senior management hired from the local community	a. Percentage of senior management at significant locations of operation that are hired from the local community. b. The definition used for 'senior management'. c. The organization's geographical definition of 'local'. d. The definition used for 'significant locations of operation'.	—	—
GRI203: Indirect Economic Impacts 2016					
203-1		Infrastructure investments and services supported	a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	Communities (Goals and Results) Communities Coexistence with Each Country and Region	PP.218-219 PP.217-225 P.225
203-2		Significant indirect economic impacts	a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	—	—
GRI204: Procurement Practices 2016					
204-1		Proportion of spending on local suppliers	a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). b. The organization's geographical definition of 'local'. c. The definition used for 'significant locations of operation'.	—	—
GRI205: Anti-corruption 2016					
205-1	○	Operations assessed for risks related to corruption	a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment.	Anti-corruption	PP.84-86
205-2	○	Communication and training about anti-corruption policies and procedures	a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	Compliance Training Status	P.82
205-3	○	Confirmed incidents of corruption and actions taken	a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	Response to Compliance Violations	P.80
GRI206: Anti-competitive Behavior 2016					
206-1	○	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgments.	Response to Compliance Violations	P.80
GRI207: Tax 2019					
207-1		Approach to tax	a. A description of the approach to tax, including: i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.	Tax Transparency	PP.87-88

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
207-2		Tax governance, control, and risk management	a. A description of the tax governance and control framework, including: i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated. b. A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax. c. A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.	Tax Transparency	PP.87-88
207-3		Stakeholder engagement and management of concerns related to tax	a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including: i. the approach to engagement with tax authorities; ii. the approach to public policy advocacy on tax; iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.	Sumitomo Chemical Group Tax Policy	P.87
207-4		Country-by-country reporting	a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. b. For each tax jurisdiction reported in Disclosure 207-4-a: i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. c. The time period covered by the information reported in Disclosure 207-4.	Corporate Income Taxes Paid Consolidated Financial Statements	P.88

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
ENVIRONMENT					
GRI301: Materials 2016					
301-1		Materials used by weight or volume	a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	Environmental Activity Goals and Results Exhaustible Raw Material Use Environmental Performance Common Environmental Protection and Management Targets (Japan, Overseas)	P.100 P.116 P.123 PP.134-136 PP.150-151
301-2		Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	Waste Disposal Flow Chart and Results Initiatives to Recycle and Reuse Plastic and Other Waste Common Environmental Protection and Management Targets (Japan, Overseas)	P.147 P.149 PP.150-151
301-3		Reclaimed products and their packaging materials	a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	Reduction of Plastic Used in Product Packaging and Use of Recycled Materials	P.121
GRI302: Energy 2016					
302-1	○	Energy consumption within the organization	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Reduction of GHGs from Energy (purchased electricity): Use of renewable energy Calculation Standards for Environmental and Social Data Indicators	PP.107-109 P.112 PP.238-240
302-2	○	Energy consumption outside of the organization	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Calculation Standards for Environmental and Social Data Indicators	PP.107-109 PP.238-240
302-3	○	Energy intensity	a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	Environmental Activity Goals and Results Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Energy Saving	P.100 PP.107-109 P.133
302-4	○	Reduction of energy consumption	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Environmental Performance Energy Saving Calculation Standards for Environmental and Social Data Indicators	PP.107-109 P.123 P.135 P.133 PP.238-240
302-5	○	Reductions in energy requirements of products and services	a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	Key Performance Indicators (KPIs) for Material Issues Sumika Sustainable Solutions (SSS) Calculation Standards for Environmental and Social Data Indicators	PP.20-24 PP.30-35 PP.238-240

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
GRI303: Water and Effluents 2018					
303-1		Interactions with water as a shared resource	a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff). b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used. c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts. d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.	Environmental Activity Goals and Results Environmental Performance Effective Use of Water Resources	P.101 P.123 PP.134-136 PP.127-128
303-2		Management of water discharge-related impacts	a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including: i. how standards for facilities operating in locations with no local discharge requirements were determined; ii. any internally developed water quality standards or guidelines; iii. any sector-specific standards considered; iv. whether the profile of the receiving waterbody was considered.	Environmental Activity Goals and Results Sustainable Use of Natural Capital (Management System) Responsible Care (Management System) Protecting the Aquatic Environment	P.101 P.122 P.89 PP.127-128
303-3		Water withdrawal	a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water. b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i–iv. c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories: i. Freshwater (≤1,000 mg/L Total Dissolved Solids); ii. Other water (>1,000 mg/L Total Dissolved Solids). d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Water Usage Environmental Performance Calculation Standards for Environmental and Social Data Indicators	P.128 P.123 P.134 PP.238-240

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
303-4		Water discharge	a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. b. A breakdown of total water discharge to all areas in megaliters by the following categories: i. Freshwater (≤1,000 mg/L Total Dissolved Solids); ii. Other water (>1,000 mg/L Total Dissolved Solids). c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories: i. Freshwater (≤1,000 mg/L Total Dissolved Solids); ii. Other water (>1,000 mg/L Total Dissolved Solids). d. Priority substances of concern for which discharges are treated, including: i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; ii. the approach for setting discharge limits for priority substances of concern; iii. number of incidents of non-compliance with discharge limits. e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Effective Use of Water Resources Environmental Performance Calculation Standards for Environmental and Social Data Indicators	PP.127-128 P.123 P.135 PP.238-240
303-5		Water consumption	a. Total water consumption from all areas in megaliters. b. Total water consumption from all areas with water stress in megaliters. c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact. d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modeled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.	Effective Use of Water Resources Environmental Performance Calculation Standards for Environmental and Social Data Indicators	PP.127-128 P.123 P.134 PP.238-240
GRI304: Biodiversity 2016					
304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information: i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km^2 (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Biodiversity Preservation Initiatives Nature Preservation Initiatives	PP.124-125 P.130
304-2		Significant impacts of activities, products, and services on biodiversity	a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following: i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). b. Significant direct and indirect positive and negative impacts with reference to the following: i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts.	—	—

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
304-3		Habitats protected or restored	a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals. b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures. c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used.	Biodiversity Preservation Initiatives Water Area Surveys Conducted around Works (Misawa Works) Nature Preservation Initiatives	PP.124-125 P.127 P.130
304-4		IUCN Red List species and national conservation list species with habitats in areas affected by operations	a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern	Water risk assessment in areas where major production sites are located	P.128
GRI305: Emissions 2016					
305-1	○	Direct (Scope 1) GHG missions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent. b. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. c. Biogenic CO_2 emissions in metric tons of CO_2 equivalent. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Major Sources of GHG Emissions from Chemical Plants Environmental Performance Calculation Standards for Environmental and Social Data Indicators	PP.107-109 PP.111-112 P.123 P.136 PP.238-240
305-2	○	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent. c. If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Major Sources of GHG Emissions from Chemical Plants Environmental Performance Calculation Standards for Environmental and Social Data Indicators	PP.107-109 PP.111-112 P.123 P.136 PP.238-240
305-3	○	Other indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent. b. If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. c. Biogenic CO_2 emissions in metric tons of CO_2 equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Logistics Initiatives Calculation Standards for Environmental and Social Data Indicators	P.109 P.113 PP.238-240

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NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
305-4	○	GHG emissions intensity	a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Environmental Performance	PP.107-109 P.123 P.136
305-5	○	Reduction of GHG emissions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO_2 equivalent. b. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used.	Disclosure in Line with TCFD Recommendations (Metrics and Targets (Risk)) Environmental Performance Science Based Contributions (SBC) Avoided GHG emissions through products and technologies Calculation Standards for Environmental and Social Data Indicators	PP.107-109 P.123 P.136 P.110 PP.238-240
305-6	○	Emissions of ozone-depleting substances (ODS)	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	Environmental Performance Prevention of Ozone Layer Depletion Calculation Standards for Environmental and Social Data Indicators	P.123 P.136 P.142 PP.238-240
305-7	○	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	a. Significant air emissions, in kilograms or multiples, for each of the following: i. NOx ii. SOx iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used.	Environmental Performance Preventing Pollution: Atmospheric Emissions of SOx, NOx, Soot, and Dust Addressing PRTR and VOCs Calculation Standards for Environmental and Social Data Indicators	P.123 P.136 P.139 PP.141-145 PP.238-240
GRI306: Waste 2020					
306-1		Waste generation and significant waste-related impacts	a. For the organization's significant actual and potential waste-related impacts, a description of: i. the inputs, activities, and outputs that lead or could lead to these impacts; ii. whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain.	Resource Saving and Waste Reduction	PP.116-117
306-2		Management of significant waste-related impacts	a. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated. b. If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations. c. The processes used to collect and monitor waste-related data.	Environmental Activity Goals and Results Resource Saving and Waste Reduction Digitization of Manifests to Be Prepared Pursuant to the Waste Management and Public Cleansing Act	P.100 PP.116-117 P.147
306-3		Waste generated	a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste. b. Contextual information necessary to understand the data and how the data has been compiled.	Environmental Performance Industrial Waste Reduction Common Environmental Protection and Management Targets (Japan, Overseas)	P.123 P.135 PP.146-149 PP.150-151

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
306-4		Waste diverted from disposal	a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste. b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations. c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations. d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal: i. onsite; ii. offsite. e. Contextual information necessary to understand the data and how the data has been compiled.	Waste Disposal Flow Chart, Results by Item in Connection with the Disposal of Waste, Categories of Hazardous and Non-Hazardous Waste, Results of Recycling and Reusing Waste (including valuable resources and recovered waste heat), Results of Recycling and Reusing Plastic Waste (including valuable resources and recovered waste heat) Common Environmental Protection and Management Targets (Japan, Overseas)	PP.147-149 PP.150-151
306-5		Waste directed to disposal	a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste. b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations. c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations. d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal: i. onsite; ii. offsite. e. Contextual information necessary to understand the data and how the data has been compiled.	Waste Disposal Flow Chart, Results by Item in Connection with the Disposal of Waste, Categories of Hazardous and Non-Hazardous Waste, Results of Recycling and Reusing Waste (including valuable resources and recovered waste heat), Results of Recycling and Reusing Plastic Waste (including valuable resources and recovered waste heat) Common Environmental Protection and Management Targets (Japan, Overseas)	PP.147-149 PP.150-151
GRI307: Environmental Compliance 2016					
307-1	○	Non-compliance with environmental laws and regulations	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	Environmental Activity Goals and Results Compliance with Environmental Laws and Regulations	P.101 P.136
GRI308: Supplier Environmental Assessment 2016					
308-1		New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	Initiative for Suppliers Promoting Sustainable Procurement throughout the Supply Chain	P.172 P.174
308-2		Negative environmental impacts in the supply chain and actions taken	a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	Supplier Information Exchange Meeting Initiative for Suppliers Promoting Sustainable Procurement throughout the Supply Chain	P.175 P.172 P.174

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
SOCIAL					
GRI401: Employment 2016					
401-1		New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	Number of New Graduate and Mid-career Hires, Percentage of Mid-career Hires, Number and Percentage of People Who Left the Company	P.228
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'.	Work-Life Balance	PP.182-185
401-3		Parental leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	Results of Systems for Work-Life Balance Return Rate of Employees Who Take Extended Leave for Childcare	P.184 P.229
GRI402: Labor/Management Relations 2016					
402-1		Minimum notice periods regarding operational changes	a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	Communication with Employees	P.181
GRI403: Occupational Health and Safety 2018					
403-1	○	Occupational health and safety management system	a. A statement of whether an occupational health and safety management system has been implemented, including whether: i. the system has been implemented because of legal requirements and, if so, a list of the requirements; ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines. b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Basic Stance) Occupational Safety and Health Management System	P.198 PP.230-231
403-2	○	Hazard identification, risk assessment, and incident investigation	a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including: i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals. c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals. d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Management System, Examples of Initiatives) Responsible Care (RC) Audits	PP.198-204 PP.94-96
403-3	○	Occupational health services	a. A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Examples of Initiatives) Responsible Care (RC) Audits	PP.200-204 PP.94-96

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
403-4	○	Worker participation, consultation, and communication on occupational health and safety	a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers. b. Where formal joint management–worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Management System) Communication with Employees	P.198 P.181
403-5	○	Worker training on occupational health and safety	a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	Safety Education and Drills	PP.202-203
403-6	○	Promotion of worker health	a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided. b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.	Healthcare	PP.195-197
403-7	○	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Examples of Initiatives) Preventing Severe Accidents in Subcontracted Operations and Construction Operations Logistics Initiatives	PP.200-204 P.201 P.204
403-8	○	Workers covered by an occupational health and safety management system	a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines: i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Basic Stance) Occupational Safety and Health Management System	P.198 PP.230-231
403-9	○	Work-related injuries	a. For all employees: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. c. The work-related hazards that pose a risk of high-consequence injury, including: i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls. e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked. f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Basic Stance, Goals and Results) Safety Achievements, Industrial Safety and Disaster Prevention Results Calculation Standards for Environmental and Social Data Indicators	PP.198-200 PP.234-235 P.240

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
403-10	○	Work-related ill health	a. For all employees: i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. c. The work-related hazards that pose a risk of ill health, including: i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Occupational Safety and Health / Industrial Safety and Disaster Prevention (Basic Stance, Goals and Results) Safety Achievements	PP.198-200 P.234
GRI404: Training and Education 2016					
404-1		Average hours of training per year per employee	a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	Time Spent on Training Training for Development of Global Talent Management Skills Enhancement Training Human Resources Development and Growth	P.192 P.193 P.194 PP.191-194
404-2		Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Organization of Training Programs SUMIKA Learning Square	P.191 P.192
404-3		Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Human Resources System Initiatives, Characteristics of Our HR Systems	PP.176-177
GRI405: Diversity and Equal Opportunity 2016					
405-1	○	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	Directors & Senior Management Basic Data, Promotion of DE&I	PP.67-69 PP.226-229
405-2	○	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	Average monthly wages	P.226
GRI406: Non-discrimination 2016					
406-1	○	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	Grievance Mechanisms	P.166

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
GRI407: Freedom of Association and Collective Bargaining 2016					
407-1	○	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	Respect for Human Rights Procurement	PP.158-169 PP.170-175
GRI408: Child Labor 2016					
408-1	○	Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: i. child labor; ii. young workers exposed to hazardous work. b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	Respect for Human Rights Procurement	PP.158-169 PP.170-175
GRI409: Forced or Compulsory Labor 2016					
409-1	○	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	Respect for Human Rights Procurement	PP.158-169 PP.170-175
GRI410: Security Practices 2016					
410-1	○	Security personnel trained in human rights policies or procedures	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organizations providing security personnel.	—	—
GRI411: Rights of Indigenous Peoples 2016					
411-1		Incidents of violations involving rights of indigenous peoples	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	Not applicable	—
GRI412: Human Rights Assessment 2016					
412-1	○	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	Human Rights Due Diligence and Relief Efforts	PP.161-166
412-2	○	Employee training on human rights policies or procedures	a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	Raising Employees' Awareness of Human Rights	P.167
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for 'significant investment agreements'.	Respect for Human Rights A. Introducing Human Rights Clauses into Contracts	PP.158-169 P.164

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
GRI413: Local Communities 2016					
413-1		Operations with local community engagement, impact assessments, and development programs	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.	Initiatives to Ensure Safety at All Group Workplaces Coexistence with Local Communities	P.219 P.225
413-2		Operations with significant actual and potential negative impacts on local communities	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.	Preparation for Large-Scale Natural Disasters Industrial Safety and Disaster Prevention (Examples of Initiatives)	P.202 PP.201-204
GRI414: Supplier Social Assessment 2016					
414-1		New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	Initiative for Suppliers	P.172
414-2		Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	Human Rights Due Diligence and Relief Efforts Initiative for Suppliers	PP.161-166 P.172
GRI415: Public Policy 2016					
415-1		Political contributions	a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	—	—
GRI416: Customer Health and Safety 2016					
416-1	○	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Risk Assessment and Management throughout the Entire Product Life Cycle Risk Management for Product Safety	P.207 P.207
416-2	○	Incidents of non-compliance concerning the health and safety impacts of products and services	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	Not applicable	—
GRI417: Marketing and Labeling 2016					
417-1	○	Requirements for product and service information and labeling	a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain). b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	Providing Products and Services of Stable Quality The Information Sharing System and Ensuring thorough Compliance Effective Use of SuCCESS Providing Toxicological Information Sharing Information on Chemicals in Products	P.208 P.208 P.209 P.209 P.210

GRI Standards Reference Table

NO.	Related material aspects	Disclosure	Reporting requirements	The Sustainability Data Book 2023	
417-2		Incidents of non-compliance concerning product and service information and labeling	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	Not applicable	—
417-3		Incidents of non-compliance concerning marketing communications	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	Not applicable	—
GRI418: Customer Privacy 2016					
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	Not applicable	—
GRI419: Socioeconomic Compliance 2016					
419-1	○	Non-compliance with laws and regulations in the social and economic area	a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were incurred.	Compliance Anti-corruption	PP.76-83 PP.84-86

TCFD Index

This index provides links to the Sumitomo Chemical Group's disclosures on recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Recommended disclosure content		Relevant sections	
		The Sustainability Data Book 2023	Website and related reports
Governance Disclose the organization's governance pertaining to climate-related risks and opportunities.			
a) Framework of the Board of Directors' oversight of climate related risks and opportunities		• Corporate Governance PP.53-70 • Structures for Responding to Climate Change P.103	• Consolidated Financial Statements • CDP Climate Change 2023 (C1.1,C1.2)
b) The role of management in assessing and managing climate-related risks and opportunities			
Strategy Disclose the actual or latent impact on the business, strategy, and financial planning of climate-related risks and opportunities if such information is important.			
a) Climate-related risks and opportunities the organization has identified over the short-, mid- and long-term		• Risks and Opportunities P.104 • Scenario Analysis PP.105-106	• Annual Report 2023 PP.37-38 • Consolidated Financial Statements • CDP Climate Change 2023 (C2.1, C3.2) • CDP Climate Change 2023 (C2.3, C3.3) • CDP Climate Change 2023 (C2.4, C3.4) • CDP Climate Change 2023 (C3.1, C3.5)
b) Impact of climate-related risks and opportunities on the organization's business, strategy and financial planning			
c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario			
Risk management Disclose how the organization is identifying, evaluating, and controlling climate related risks			
a) Organization's processes for identifying and assessing climate-related risks		• Structures for Responding to Climate Change P.103 • Risks and Opportunities P.104 • Scenario Analysis PP.105-106	• Annual Report 2023 PP.37-38 • CDP Climate Change 2023 (C2.2)
b) Organization's processes for managing climate-related risks			
c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management			
Metrics and targets Disclose indicators and targets used in the evaluation and control of climate related risks and opportunities if such information is important.			
a) Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process		• Grand Design Toward Achieving Carbon Neutrality P.102 • GHG Emissions Trends and Reduction Targets (Scope 1+2) P.107	• Annual Report 2023 P.41
Cross-Industry, Climate-Related Metric Categories (Revised on October 2021)			
GHG Emissions	Absolute Scope 1, Scope 2, and Scope 3; emissions intensity	• GHG Emissions Trends and Reduction Targets (Scope 1+2, Scope3) PP.107-109	• CDP Climate Change 2023 (C6.1, 6.2, 6.3)
Transition Risks	Amount and extent of assets or business activities vulnerable to transition risks	• Risks and Opportunities P.104 • Scenario Analysis PP.105-106	• CDP Climate Change 2023 (C2.2, C2.3)
Physical Risks	Amount and extent of assets or business activities vulnerable to physical risks	• Risks and Opportunities P.104 • Scenario Analysis PP.105-106	• CDP Climate Change 2023 (C2.2, C2.3)
Climate-Related Opportunities	Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	• Scenario Analysis PP.105-106	• CDP Climate Change 2023 (C2.2, C2.4)
Capital Deployment	Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	• Investments to achieve carbon neutrality P.105 • Investment Scale P.105	• Annual Report 2023 P.38 • CDP Climate Change 2023 (C2.3, C2.4)
Internal Carbon Prices	Price on each ton of GHG emissions used internally by an organization	• Investments to achieve carbon neutrality P.105	• Annual Report 2023 P.38 • CDP Climate Change 2023 (C4.3, C11.3)
Remuneration	Proportion of executive management remuneration linked to climate considerations	• Remuneration (Applied to Directors and Executive Officers) PP.61-63	• CDP Climate Change 2023 (C1.3a)
b) Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and related risk		• Energy Consumption and Greenhouse Gas Emissions (Scope1, 2, 3) PP.108-109 • Scenario Analysis PP.105-106	• Annual Report 2023 P.39 P.41
c) Targets used by the organization to manage climate-related risks and opportunities and performance against target		• Metrics and Targets (Risk) PP.107-109 • Metrics and Targets (Opportunities) P.110 • Specific initiatives for "Obligation" PP.111-113 • Specific initiatives for "Contribution" PP.113-115	• Annual Report 2023 PP.41-42

SUMITOMO CHEMICAL

SUMITOMO CHEMICAL COMPANY, LIMITED

Contact Information

Sumitomo Chemical Co., Ltd.
Sustainability Dept.
Tokyo Nihombashi Tower,
2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6020, Japan
Tel: +81(3)5201-0210

www.sumitomo-chem.co.jp/english/