







# ESG Meeting

October 15, 2020

 SUMITOMO CHEMICAL

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# Sumitomo Chemical's Sustainability Efforts

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**1**

## **Sumitomo's business principles and history**

# Sumitomo's Business Principles

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## Sumitomo's business principles

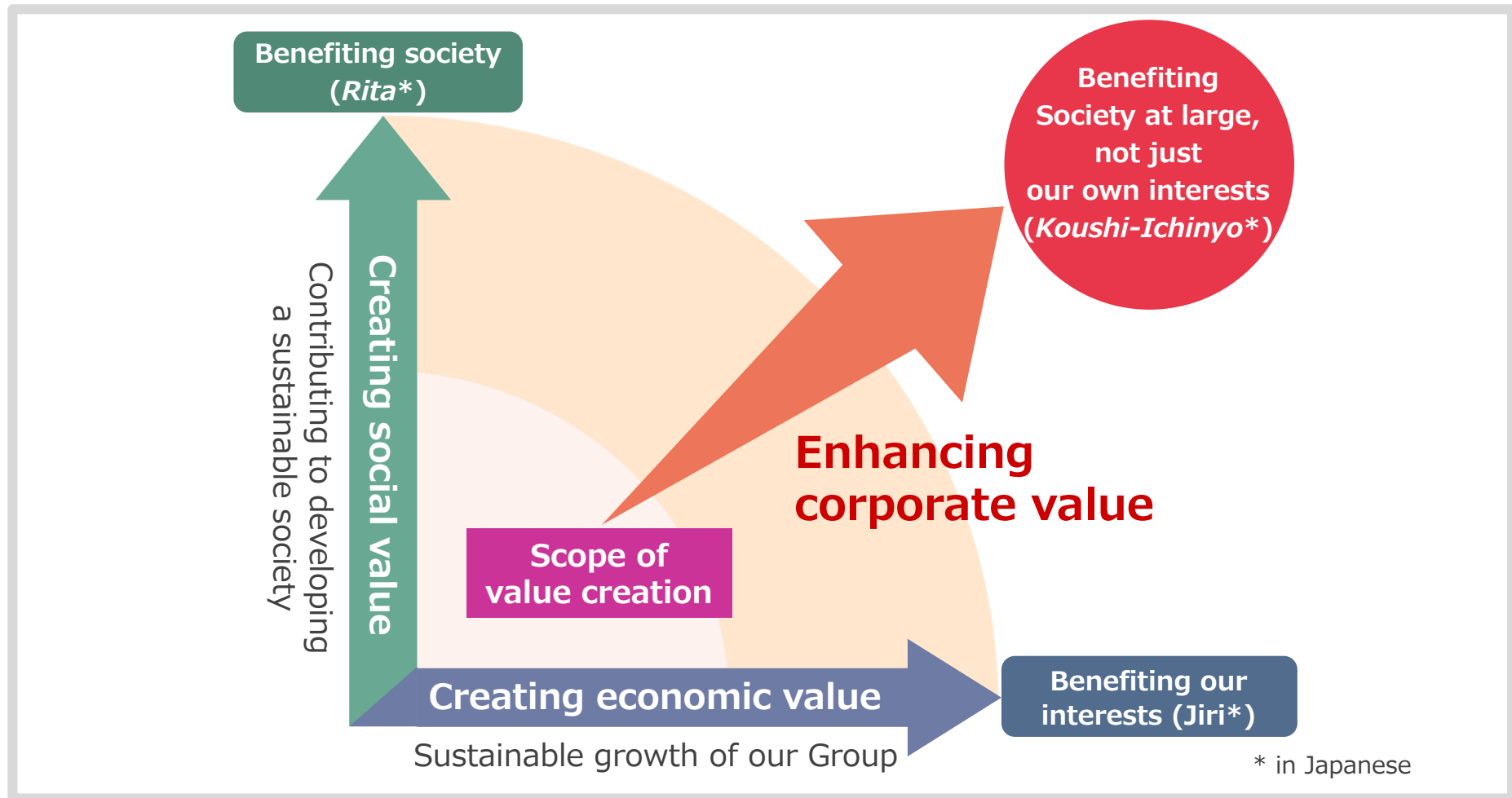


Statue of  
Masatomo Sumitomo

### Jiri-Rita Koushi-Ichinyo

**Our business must benefit society at large,  
not just our own interests.**

# What We Strive to Be

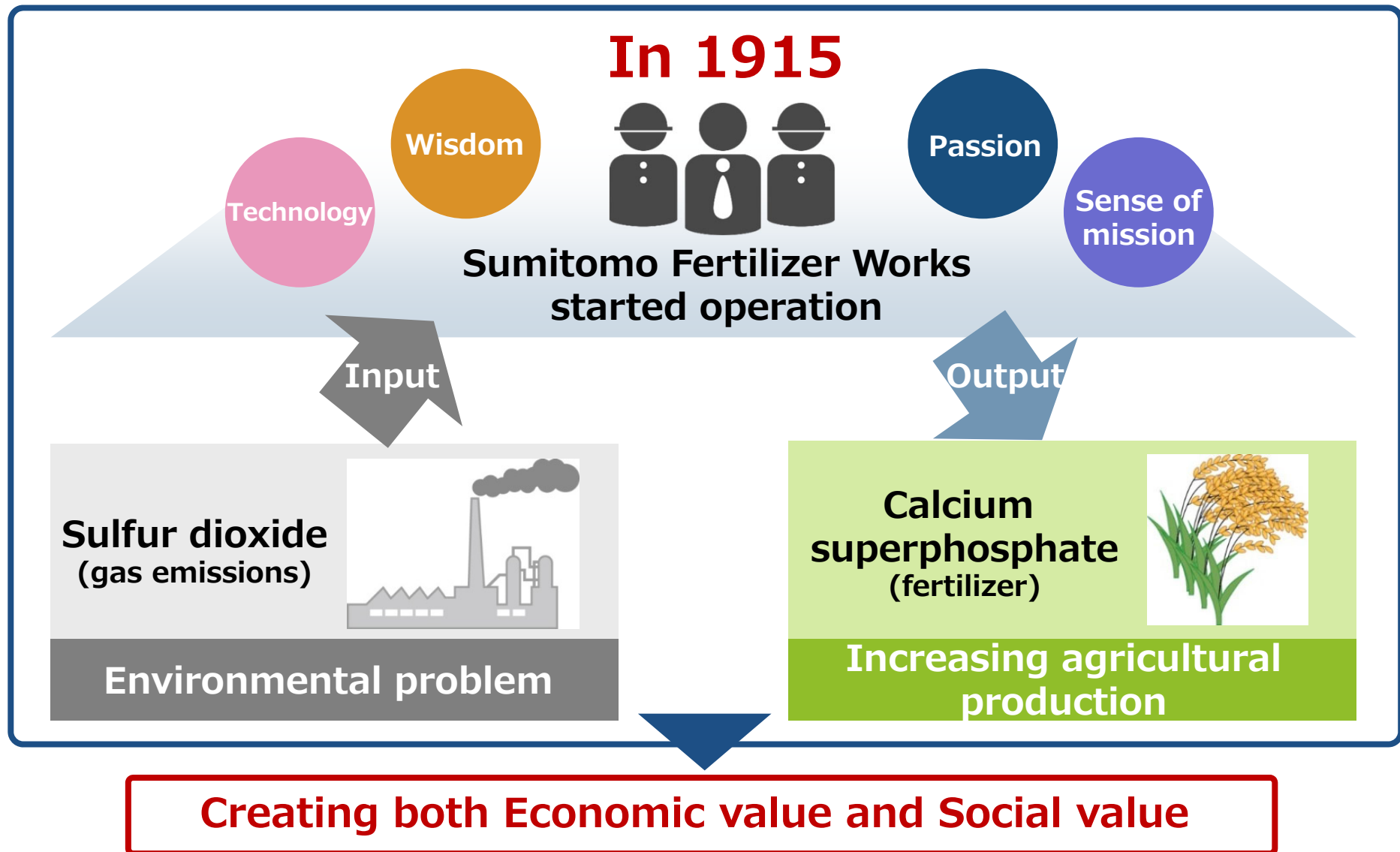


What We Strive to Be

Achieving sustained growth for Sumitomo Chemical Group and helping build a sustainable society by creating economic value and social value in an integrated way

Example of integrated solution:

# The origin of Sumitomo Chemical



Example of integrated solution:

# Olyset Net

## Infectious disease control

The number of deaths from malaria halved since 2000



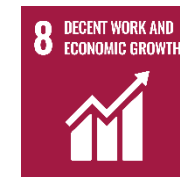
## Employment and gender equality

Local production creating 7,000 jobs and contributing to improved work environment for women



## Educational support

Part of the proceeds of the Olyset Net business used to assist 28 education support projects in 12 African countries, benefiting a total of 21,000 children

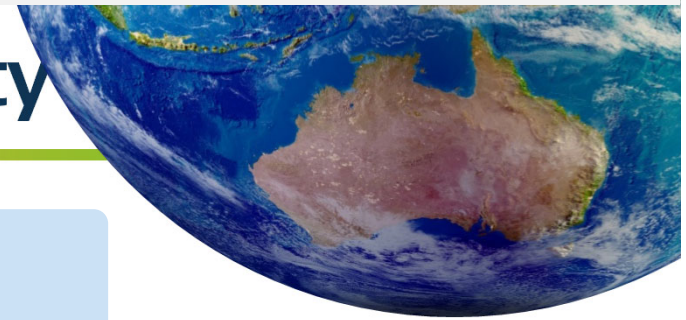




**2**

## **Trends related to Sustainability**

# Trends related to Sustainability



**“Build Back Better”**  
from the coronavirus crisis

## ■ Calls from the UN Secretary-General

Called on countries to work together and **turn this pandemic crisis into an opportunity to build back better**

Proposed six climate-related actions, demanding that **funds for recovery should be used to drive a shift to a green economy**

## ■ EU Recovery Plan

**EU Green Deal**

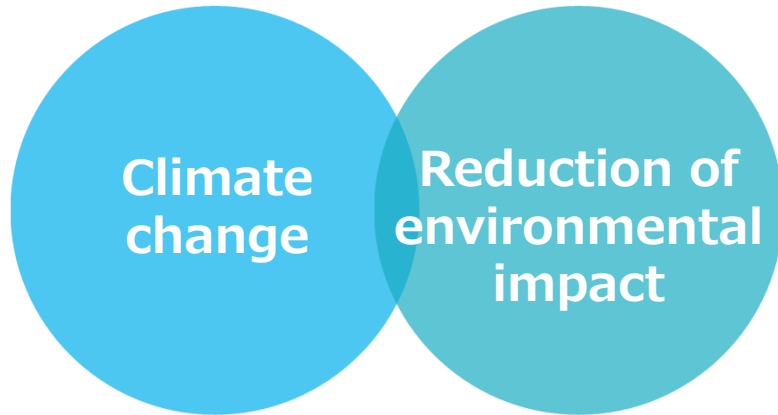
**Circular Economy Action Plan**

Imminent threats of climate change and environmental issues behind this battle

**Need to address economy, COVID-19, and climate change and environmental issues in an integrated way**

# Roles of the Chemical Industry

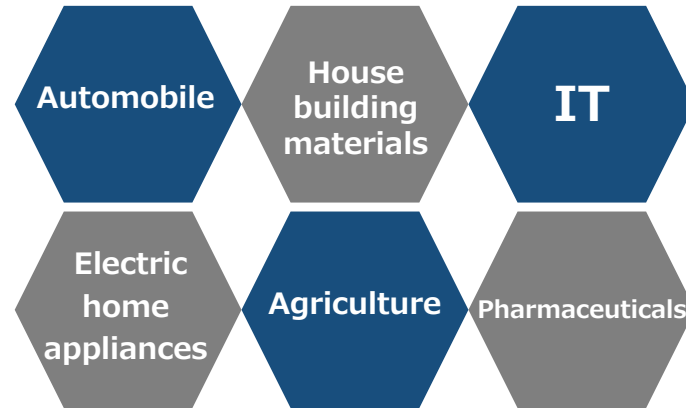
## Contributing to sustainability



Increasing awareness and interest in maintaining a safe and secure life

**Expectations for contribution by businesses**

## Supporting social infrastructure



Contributing to preventing the spread of the coronavirus

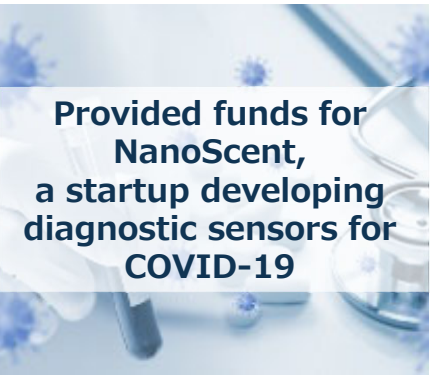
**Providing materials to meet new demand and create new products**

**The chemical industry**

# Contribution of our businesses to tackling the coronavirus crisis



**Contributing to the containment of the infectious diseases by leveraging the extensive power of chemistry**



**3**

## **Sustainability management and highlights**

# Approach to the Promotion of Sustainability

Advance sustainability efforts by the principle of T-S-P

## Top Commitment

**Basic Principles for Promoting Sustainability**

Commitment by top management to the promotion of sustainability

## Solutions

**S**umika  
**S**ustainable  
**S**olutions



Help resolving societal issues through our business

**Achieving Sustainability**

**T**

Top Commitment

**S**

Solutions

**P**

Participation

## Participation

**Global Project**

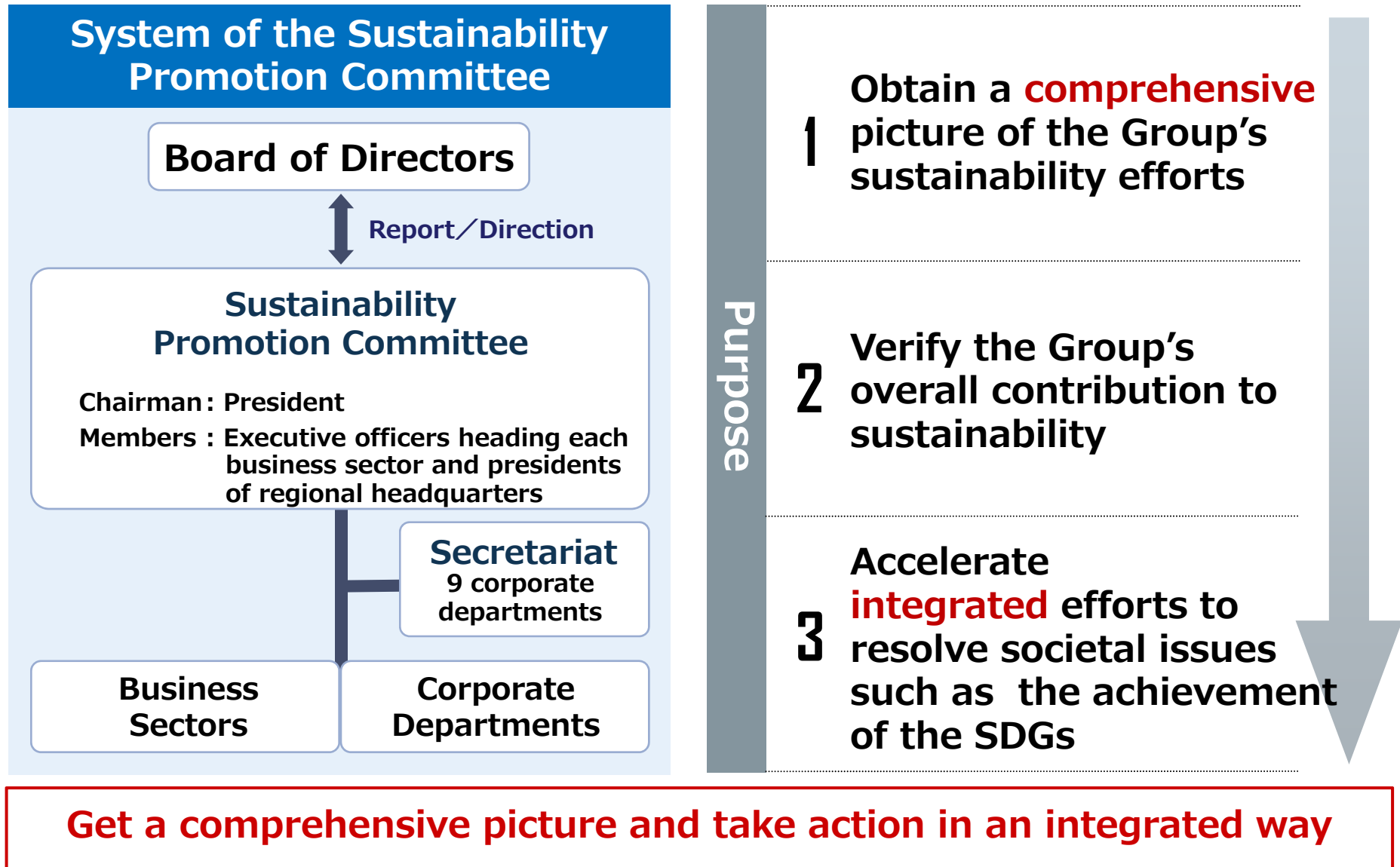


SUMITOMO CHEMICAL GROUP

**GLOBAL PROJECT**

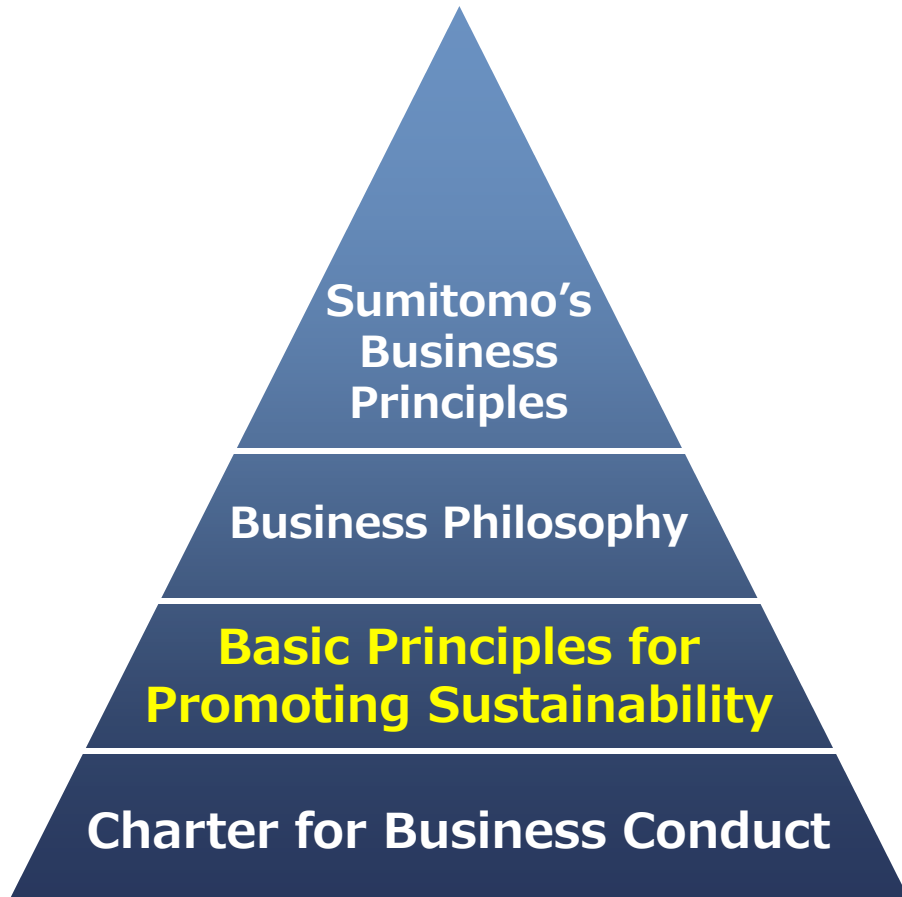
Group-wide effort to promote sustainability

# Establishment of the Sustainability Promotion Committee



# Basic Principles for Promoting Sustainability

## The Framework of Sumitomo Chemical's Corporate Philosophy



## Basic Principles for Promoting Sustainability

Principle 1

Create economic value and social value in an integrated way (promoting **"Jiri-Rita Koushi-Ichinyo"**)

Principle 2

Contribute to resolving major issues facing international society

Principle 3

Engage in partnerships

Principle 4

Collaboration with stakeholders

Principle 5

Commitment by top management and participation by all

Principle 6

Governance



# Material Issues that We will Address as Management Priorities

## Material Issues for Sustainable Value Creation

### Material issues for social value creation

#### Contribution to reducing environmental impact

- Mitigation of climate change
- Contribution through products and technologies
- Efficient use of energy and resources
- Contribution to the recycling of plastic resources

#### Contribution to solving food issues

#### Contribution to solving healthcare issues

#### Contribution to ICT innovation

### Material issues for value creation in the future

#### Promotion of technology innovation and research and development





#### Initiatives for digital innovation

#### Promotion of diversity and inclusion

## Foundation for Business Continuation

- Occupational safety and health, and operational safety and disaster prevention
- Product safety and quality assurance
- Respect for human rights
- Promotion of employees' well-being
- Compliance
- Anti-corruption

# List of KPIs

Material Issues	KPIs	SDGs Target
<b>Material Issues for Social Value Creation</b>		
 <b>Reducing environmental impact</b>	Mitigation of climate change	Amount of Group's GHG emissions (Scope 1 + 2) 13.3
		Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials) 13.3
	Contribution through products and technologies	Sales revenue of Sumika Sustainable Solutions designated products —
	Efficient use of energy and resources	Unit energy consumption 7.3
		Number of petrochemical-related technology licenses 9.4
Contribution to the recycling of plastic resources	Various initiatives are underway, and KPIs are to be determined —	
 <b>Food Issues</b>	Effect of increasing production of animal protein including poultry 2.1	
	Agricultural land area where agro-solution products are used 2.4	
 <b>Healthcare</b>	Number of people protected by products for the control of tropical infectious diseases 3.3	
	Constant development of new drugs in areas where high unmet medical needs exist —	
 <b>ICT innovation</b>	Number of mobile devices using polarizing films 8.2	
<b>Material Issues for Future Value Creation</b>		
<b>Promotion of technology innovation and research and development</b>	Patent asset size	
<b>Initiatives for digital innovation</b>	Digital maturity	
<b>Promotion of diversity and inclusion</b>	Each group company sets its own KPI in light of the environment facing each	

# KPIs: Example and Progress (Contribution to Solving Food Issues)

- Explosive growth of the world population
- Maturing food culture of emerging countries driven by economic growth



It is estimated that world population will grow to **approximately 9.7 billion** by 2050, with demand for food to increase to **about 1.7 times** the current level.

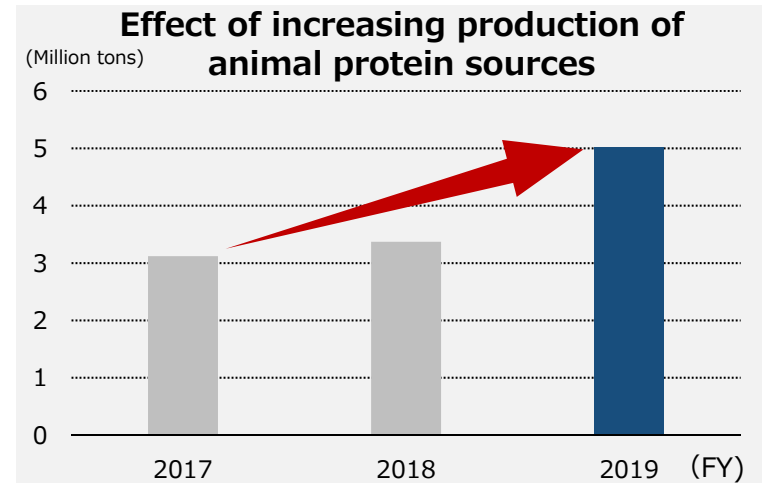
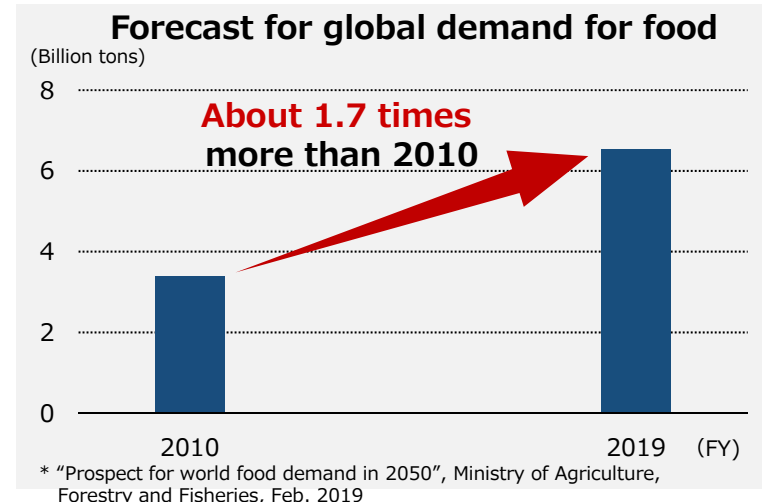
\* World Population Estimate the 2019 revised

## KPI

Increasing production of animal protein sources including poultry

### Contribution through sale of methionine

- Expected to grow at **6% per year**
- Helping increase production of **animal protein sources**, primarily poultry
- Also contributing to **reducing GHG emissions**

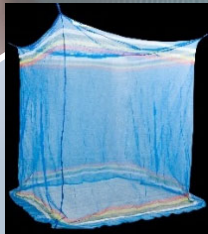


**Continue to contribute to solving the world's food issues**

# Contribution to Solving Healthcare Issues (in the area of infectious diseases)



## Containment of infectious diseases via vector control\*



Long-lasting  
insecticidal  
mosquito net



Long-lasting  
agents for indoor  
spray



Larva control  
agents



Agents for air  
spray

\* Prevent infection to humans by exterminating and controlling organisms, primarily insects, that carry vector born diseases.



## Discovery of drug for antimicrobial resistant bacteria\*

Joint research with Kitasato Institute to discover therapeutic agents against antimicrobial resistant bacterial infections, including urgently needed agents against bacteria resistant to carbapenem antimicrobials



学校法人  
北里研究所  
THE KITASATO INSTITUTE

\* Bacteria resistant to existing antibiotics

## Development of universal influenza vaccines

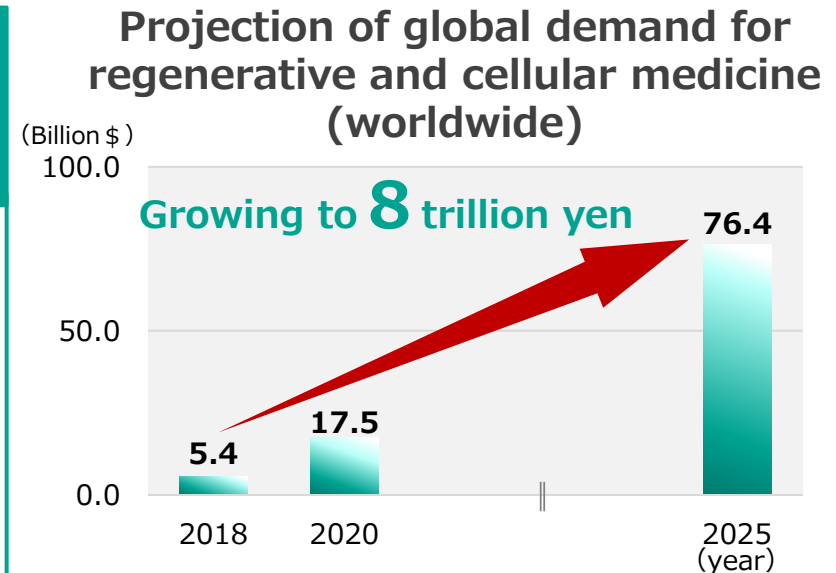
- A universal influenza vaccine provides broader protection against most influenza viruses
- Using Sumitomo Dainippon Pharma's vaccine adjuvant technology



# Contribution to Solving Healthcare Issues (CDMO business of regenerative and cellular medicine)

## CDMO business of regenerative and cellular medicine (contract development and manufacturing)

- Demand for pharmaceutical contract development and manufacturing offers **high growth potential**.
- In the area of regenerative and cellular medicine, there are only **a limited number of companies in Japan that have the advanced technologies** required for CDMOs.
- Leverage the strengths of Sumitomo Chemical and Sumitomo Dainippon Pharma**



- Basic technology related to ES/iPS cells
- Expertise of active pharmaceutical ingredients contract manufacturing organization (CMO) business










- Industry-leading-level expertise on regenerative and cellular medicine
- iPS cell derived cell therapies in development pipeline

Contribute to resolving healthcare issues by generating group synergies in the area of regenerative and cellular medicine

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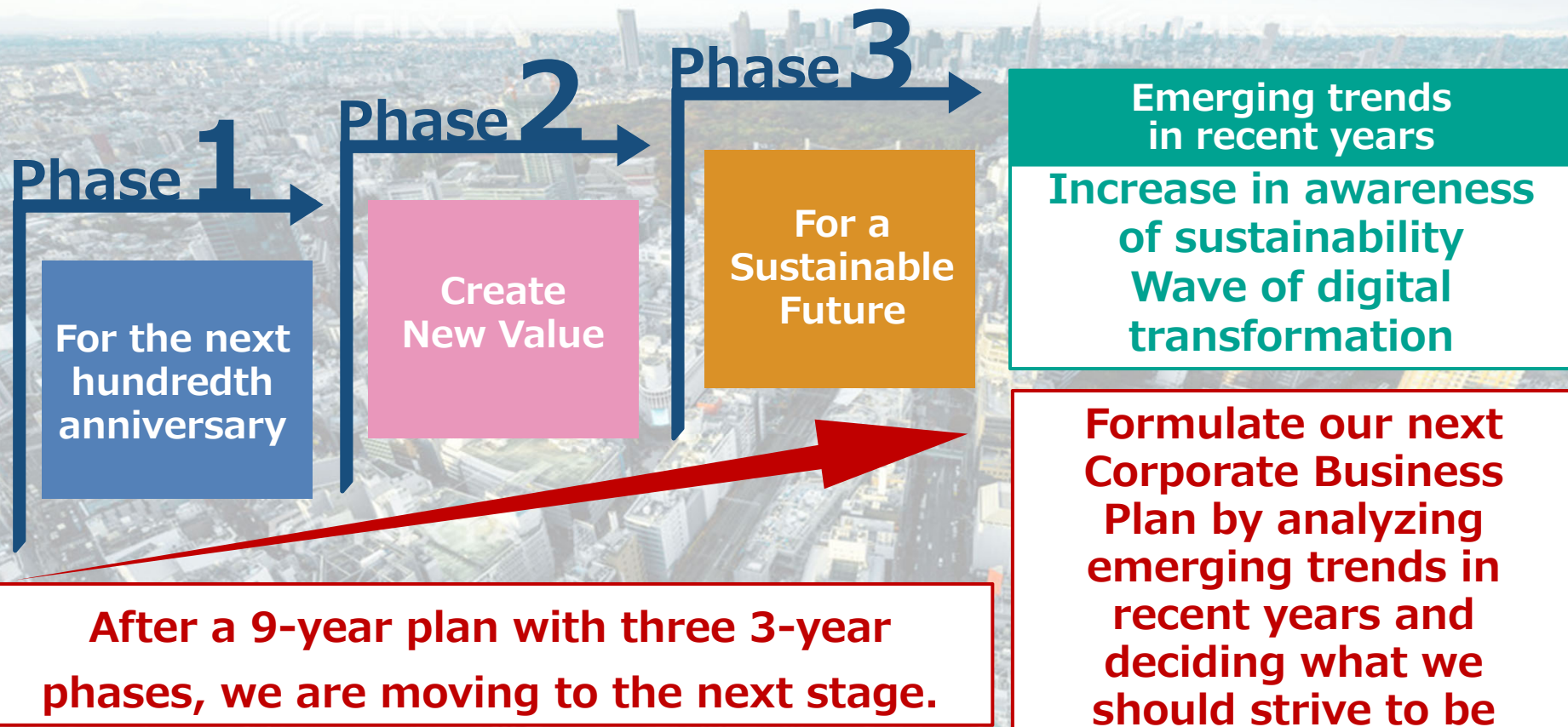
## **External sustainability assessment and summary**

# External Sustainability Assessment

	2017	2018	2019	2020 (At present)	Remark
 <b>Carbon Disclosure Project</b>	<b>B</b>	<b>A</b>	<b>A</b>	To be announced in Jan 2021	Highest rating: A
 <b>FTSE Blossom Japan Index</b>	<b>2.8</b>	<b>4.0</b>	<b>4.2</b>	To be announced in Dec 2020	Full score: 5
<b>MSCI Japan ESG Select Leaders Index</b>	<b>AAA</b>	<b>AAA</b>	<b>AAA</b>	<b>AAA</b>	Highest rating: AAA
<b>MSCI Japan Empowering Women Index (WIN)</b>	<b>5.8</b>	<b>6.2</b>	<b>6.0</b>	<b>6.7</b>	Full score: 10
 <b>Ecovadis Sustainability Ratings</b>					Gold: top 5% level

# Long-term Corporate Strategy

## Change & Innovation





# Sharing Our Aspirations with Stakeholders

Sumitomo Chemical creates economic value and social value in an integrated way.



Reducing environmental impact



Food issues



Healthcare



ICT innovation



**Contribute to realizing a sustainable society through our business**

- Sharing our aspirations with stakeholders -

# II

## Highlights: Environment

# E

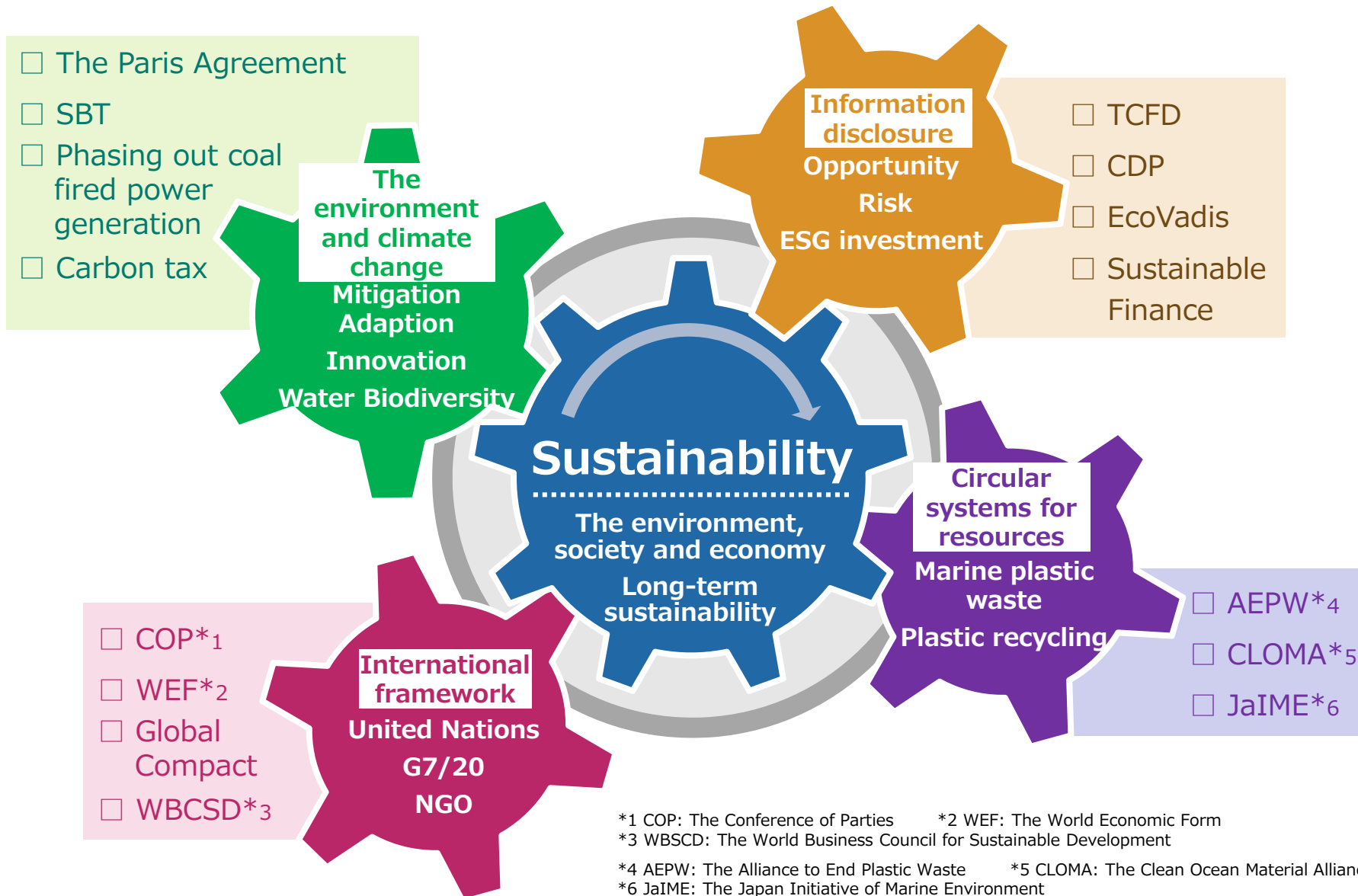
### Sustainability Efforts:

<b>1</b>	<b>More Interconnected Across Nations and Areas of Challenges</b>	<b>27</b>
<b>2</b>	<b>Addressing climate change problems</b>	<b>29</b>
<b>3</b>	<b>Addressing plastic waste problems</b>	<b>40</b>

**1**

**Sustainability Efforts:  
More Interconnected Across Nations  
and Areas of Challenges**

# Sustainability Efforts: More Interconnected Across Nations and Areas of Challenges



**2**

## **Addressing climate change problems**

# Our Approach to Climate Change

## Basic policy

**Define response to climate change as one of the material issues that we will address as management priorities, and tackle climate change problems on two fronts: seizing opportunities and addressing risks**

### Governance

Major issues and measures are discussed and determined at the Management Meeting and executive-level committee meetings.

### Risk Management

Risks are assessed and monitored by executive-level committees.

### Strategy

Established an organization dedicated to response to climate change; will identify and analyze opportunity and risk based on **scenario analyses**

## Key Performance Indicators and Targets

### Seizing Opportunities

- Stepping up efforts to develop and promote **Sumika Sustainable Solution products**
- KPIs include **sales revenue for Sumika Sustainable Solution products and the volume of GHG emissions reduction that these products contribute to achieving throughout their product life**

### Addressing Risks

- Taking measures to achieve our **SBT\***
- KPIs include **the Group's GHG emissions volume and unit energy consumption index**

\* SBT: Science Based Targets

# Scenario Analysis

Set multiple scenarios, analyzed potential situations and the impact on our businesses, and based on the results of the analysis, formulated action plans in terms of both opportunity and risk



\* See pages 68-69 of Annual Report 2020 for more information.

# Efforts to Address Global Environmental Problems

## Seizing Opportunities

(Contributing through our business)

### Sales of environmentally friendly products

Expand sales of Sumika Sustainable Solution products

Reduce emissions across the product life cycle

## Addressing Risks

Obtained SBT approval



Received approval in October 2018, becoming the first recipient among diversified chemical companies

Fuel Conversion

Technology development

**Contribution through environmentally friendly products + Reduction of emissions from our own operations**



# Sumika Sustainable Solutions

**KPI: Sales revenue of Sumika Sustainable Solution products**  
 Provide solutions to build a sustainable society by promoting development and widespread use of Sumika Sustainable Solution products



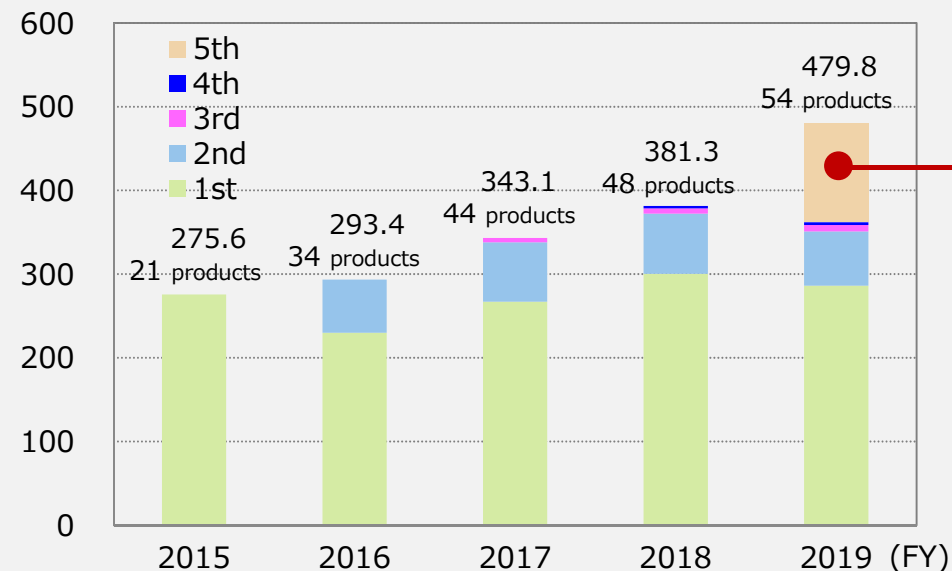
**Sumika Sustainable Solutions**

**Targets**

Sales revenue of **560 billion yen** by FY2021

\* Initiative to designate the Group's products and technologies that contribute to addressing climate change and the reduction of environmental impact as Sumika Sustainable Solutions and promote their development and widespread use

(Billion yen)

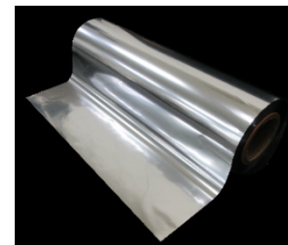


## The 5th round of designation

(announced Aug. 3, 2020)

**Six products and technologies newly designated**, including

- Polypropylene materials for aluminum metallized films
- Touchscreen panels using transfer printing process
- MISTACE (irrigation tubes)



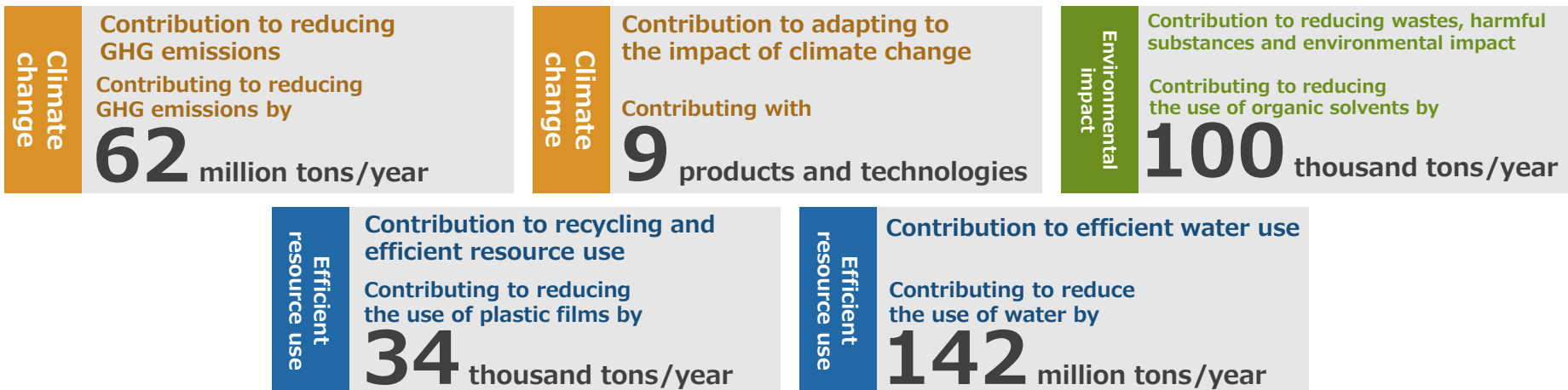
# Sumika Sustainable Solutions



- **Sumitomo Chemical’s Sumika Sustainable Solutions initiative has steadily been progressing, delivering results, and is certain to become comparable to the efforts by global leaders such as Unilever and Johnson and Johnson.**
- I recommend that the Company demonstrate the relevance of this initiative to the SDGs in line with **the United Nations 2030 Agenda for Sustainable Development** (from the perspective of five Ps— People, Planet, Prosperity, Peace and Partnership).
- **I look forward to Sumitomo Chemical’s efforts in the future.**

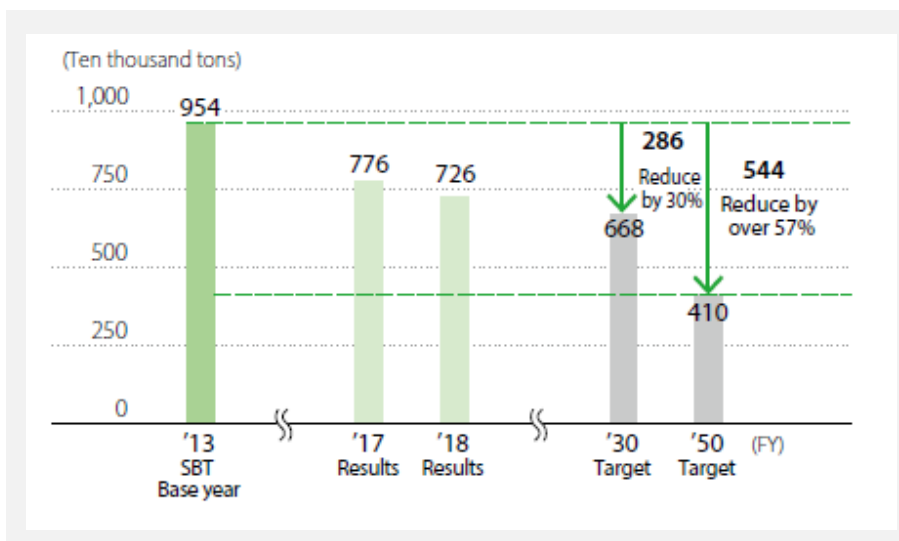
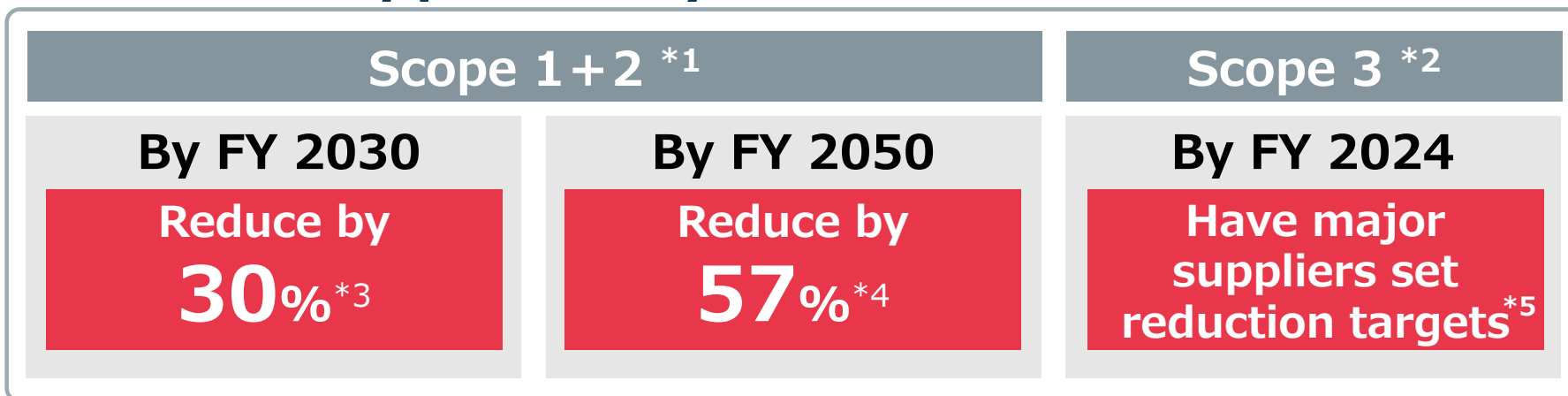
**Itaru Yasui**

Emeritus Professor, The University of Tokyo



# The Sumitomo Chemical Group's SBT

## The Group's targets for GHG emissions reduction approved by the SBT Initiative



- \*1 Scope 1 : Direct emissions from the Company's plants, such as emissions due to the use of fuels in manufacturing processes  
Scope 2: Indirect emissions, such as emissions due to the purchase of power and heat by the Company from outside the Company's plants
- \*2 Scope 3 : Emissions in the manufacturing and transportation of purchased raw materials
- \*3 Compared to the level of FY2013
- \*4 Compared to the level of FY2013. In addition to achieving Scope 1 and Scope 2 GHG emissions reduction, provide solutions to help to significantly reduce GHG emissions across the value chain
- \*5 Engage the Company's major suppliers (suppliers who in aggregate account for 90% of the Company's purchased raw materials on a weight basis) in an effort to set their own science-based GHG reduction targets

# Efforts in Progress to Achieve SBT

## Reduction of GHG (CO<sub>2</sub>) emissions by fuel conversion



**Fuel conversion** Shift from coals, petroleum coke and heavy oil to LNG **Reduce CO<sub>2</sub> emissions**

**Thermal efficiency** Supply steam, using high-temperature exhaust gas from gas turbines

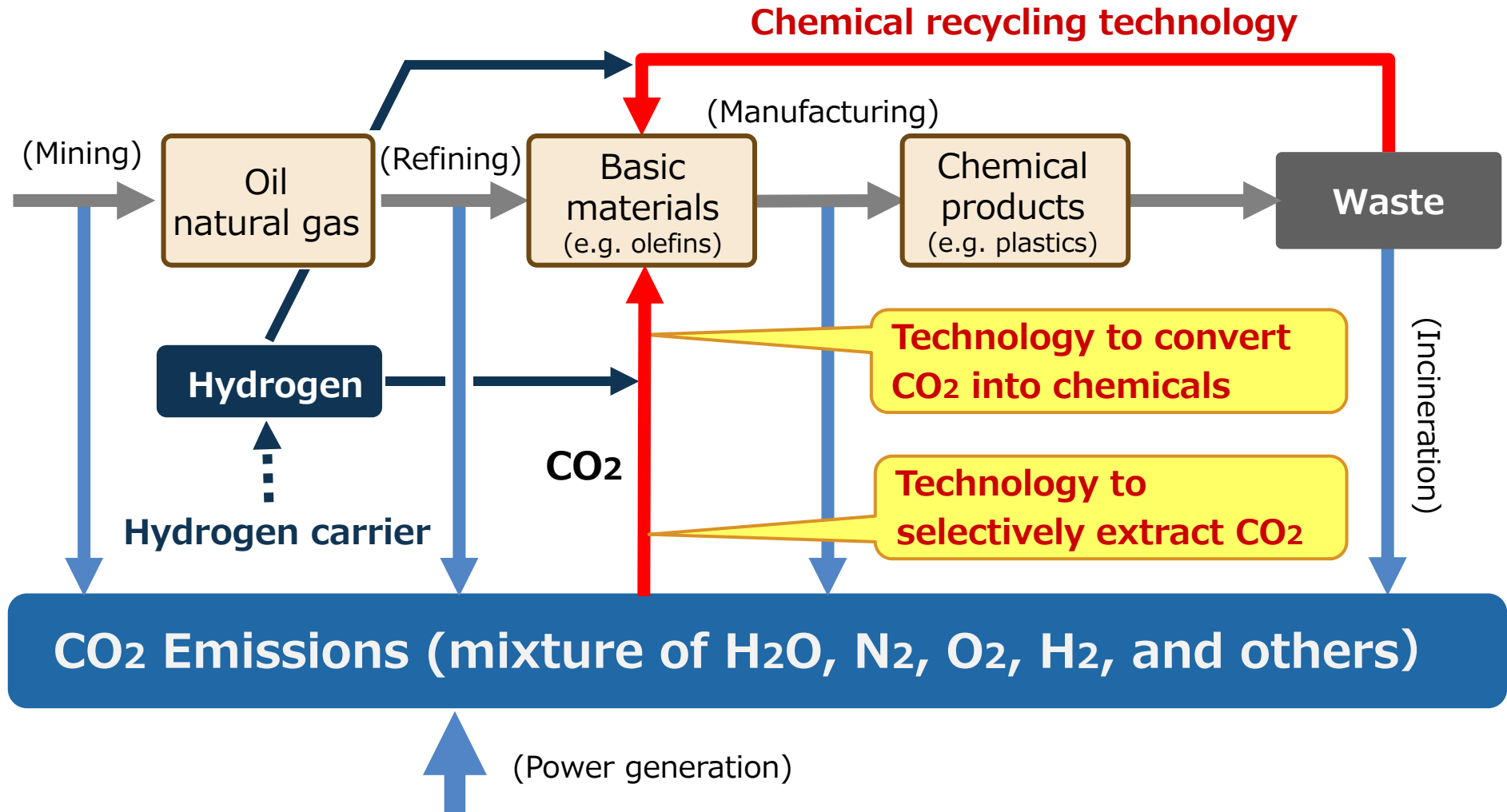
	Ehime	Chiba
Fuel	Coals and heavy oil to LNG	Petroleum coke to LNG
Reduces CO <sub>2</sub> emissions	650 thousand tons/year	240 thousand tons/year



Building a LNG tank, the largest of its kind in Japan, on the premises of Ehime Works

# Effort Towards a Sustainable Carbon Cycle

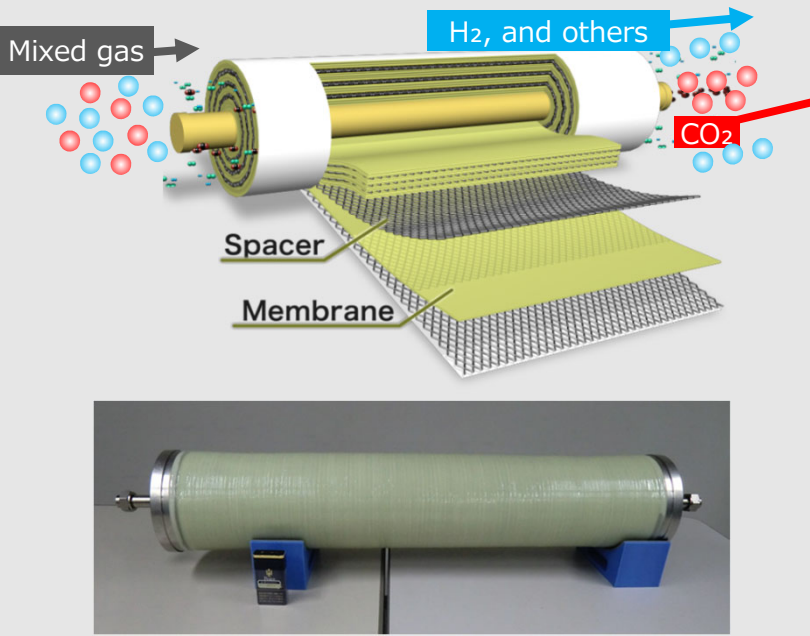
\* Develop key technologies to accelerate the progress on efforts towards a sustainable carbon cycle



# Examples of Development for a Sustainable Carbon Cycle

## Technology to selectively extract CO<sub>2</sub>

Low-energy,  
highly efficient separation of  
CO<sub>2</sub> using functional membrane



- Established modularization technology
- Working to optimize the composition of membrane

## Technology to convert CO<sub>2</sub> into chemicals

Highly efficient technology to  
manufacture methanol,  
using new process and new catalyst



### Challenges in existing process

- Methanol yield: 10-20%, restricted by equilibrium reaction
- Unreacted CO<sub>2</sub> circulates within the process (leading to high energy consumption)

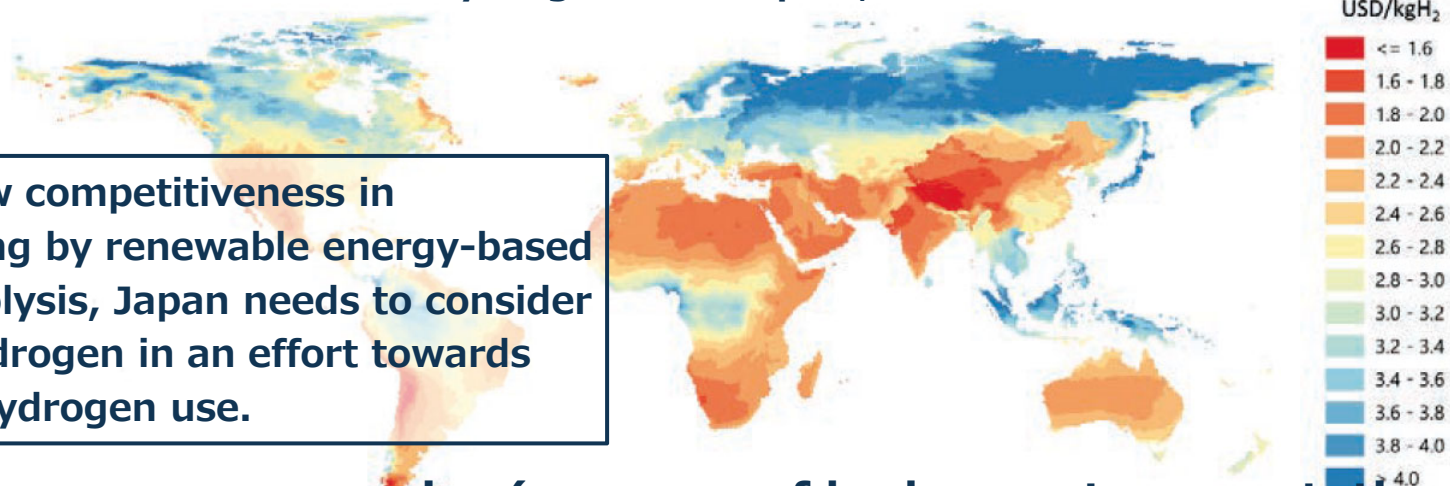
### Process under development

- Methanol yield: 60-90%
- Low energy-intensive and compact process
- Joint research with Shimane University
- Benchmark test facility scheduled to be in operation by the end of 2020

# Approach to Hydrogen Problems

## Hydrogen manufacturing cost with the use of renewable energy-based water electrolysis

“The Future of Hydrogen” IEA report, 2019.06.14



Due to its low competitiveness in manufacturing by renewable energy-based water electrolysis, Japan needs to consider import of hydrogen in an effort towards large-scale hydrogen use.

## Ammonia as an energy carrier (a means of hydrogen transportation)

Transported in the forms of:	Temperature	Hydrogen density	Challenges
Liquefied hydrogen	-253°C or below	71 kg/m <sup>3</sup>	Many challenges exist, with large-scale transportation and storage technologies still in R&D phase
Ammonia	-33°C or below	120 kg/m <sup>3</sup>	Reduction of CO <sub>2</sub> generated in the manufacturing of ammonia and manufacturing cost reduction

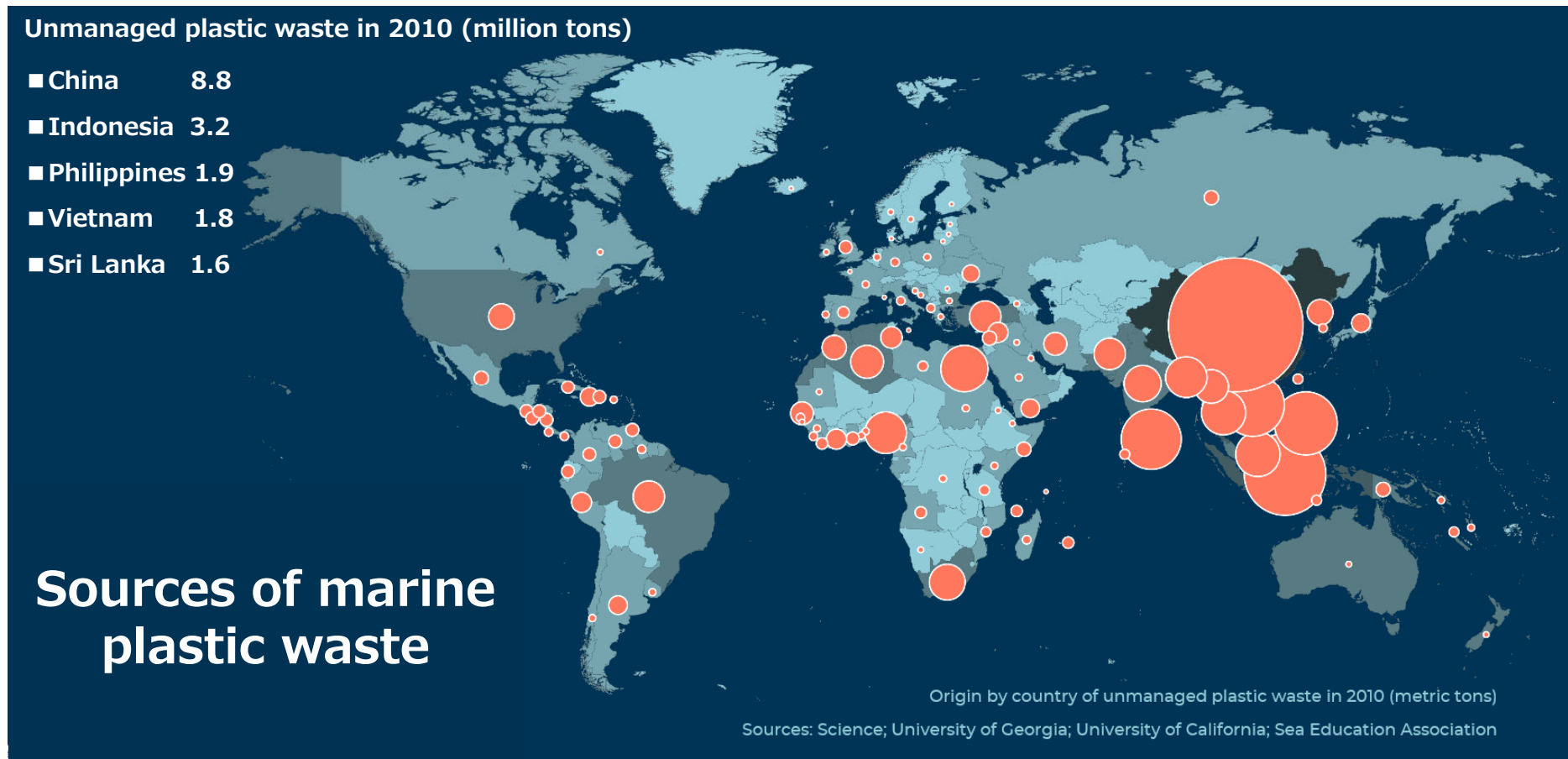
**Explore the possibility of drastically changing ammonia manufacturing process by leveraging our catalyst and process design technology**



## **Addressing plastic waste problems**



# Overview of Plastic Waste Problems



**Much of the unmanaged plastic waste** leaks into oceans, contaminating the environment.

Plastic waste that leaked into the oceans to date:  
**150 million tons \*1**  
Plastic waste flowing into the oceans every year:  
**+ 8 million tons \*2**



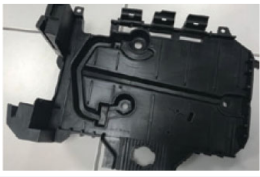
\*1 McKinsey & Company and Ocean Conservancy (2015), \*2 Neufeld, L., et al. (2016)

# Basic Policy Towards a Circular System for Plastics

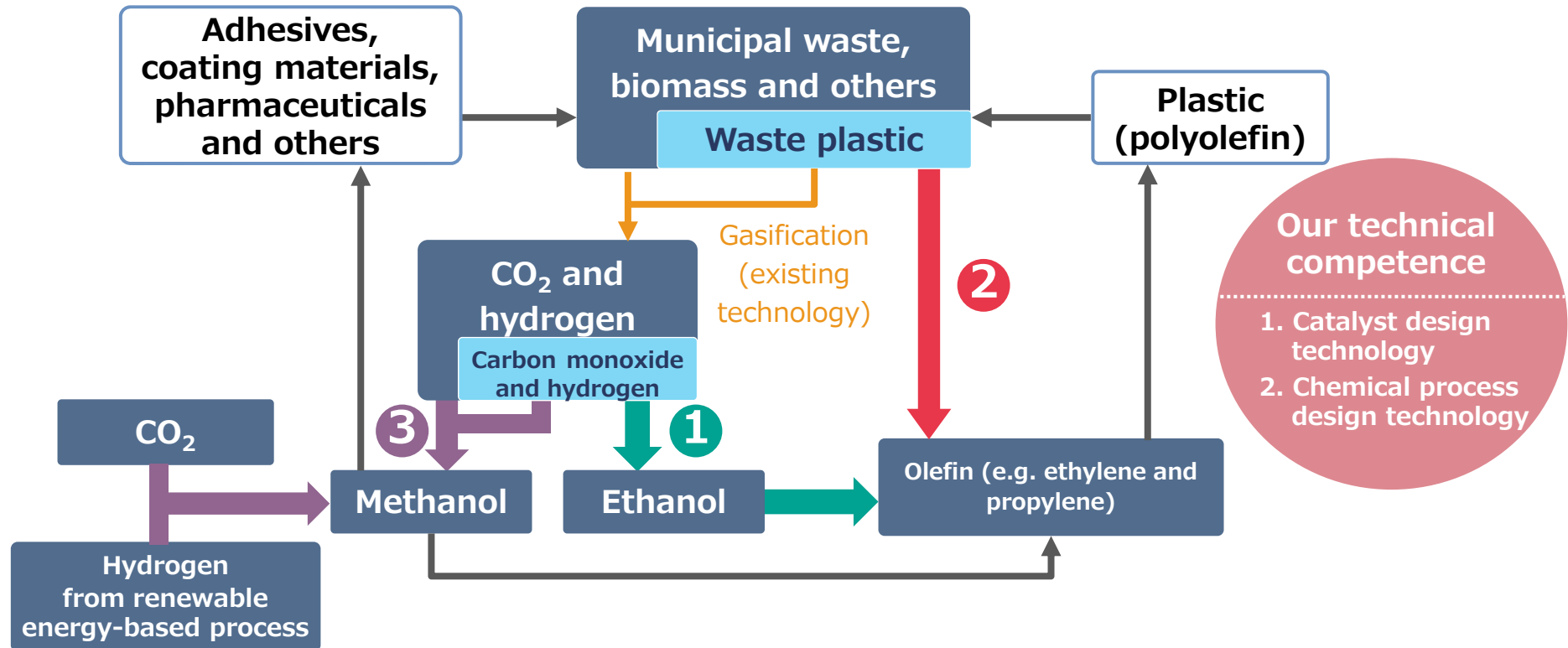
- Recognize that plastic is a useful material supporting a sustainable society
- Work towards building a circular system for plastics and resolving plastic waste problems

1. **Contribute to resolving plastic waste problems through our business** by leveraging the power of chemistry
2. Focus on **innovation concerning 3Rs—reducing, reusing and recycling**—of plastics and accelerate the adoption of new solutions by society, while also considering the impact on response to climate change
3. Take on challenges difficult to resolve alone by **working with various stakeholders**
4. Provide education and awareness-raising programs based on sound science, while also engaging in social actions
5. Constantly review progress and work to enhance and improve our efforts

# Efforts for 3Rs-Reducing, Reusing and Recycling

	Examples	Features / Performance			
Reduce	<p><b>Refill Pouch</b></p> <p>Lighter and stronger than bottles</p> <p>▶ offers higher transportation efficiency</p> 		<b>Bottle</b>	<b>Large Refill Pouch</b>	
		Environmental friendliness	Weight of packaging materials (g) per 100g of contents	19	1.8
			Transportation efficiency	Fair	Good
Utility value	Bag drop strength	Fair	Good		
Reuse	<p><b>Returnable Box</b></p> <p>Made of foamed polypropylene sheets and can be used repeatedly</p> <p>▶ offers higher environmental-friendliness, and is superior in water resistance, load capacity and cleanliness.</p> 		<b>Cardboard Paper Box</b>	<b>Returnable Box Expanded PP Sheet</b>	
		Environmental friendliness	Number of times one unit of the product can be used	1	50
			Consumption of packaging materials (kg/year)	24.9 (equivalent to 50 sheets)	1.4
			Reusability	Poor	Good
Utility value	Water resistance, load bearing, cleanliness	×	○		
Recycle	<p><b>Glass Fiber Reinforced Polypropylene Material</b></p> <p>Boasts properties high enough to replace virgin polypropylene, even though it contains as much as 60% by weight recycled polypropylene.</p> <p>▶ Highly rated by users as a technology meeting circular economy policies</p> 	<p><b>Environmental Contribution (FY2018)</b></p> <p>Reduction of virgin polypropylene use: <b>4,700 tons/year</b></p> <p>Reduction of GHG emissions, as compared with the case of using virgin polypropylene: <b>12,300 tons/year (CO2 equivalent)</b></p>			

# Chemical Recycling



**Use plastic waste and other waste, instead of fossil fuel feedstock, to manufacture plastics**

- |   |   |   |
|---|---|---|
| <p><b>① Initiative with Sekisui Chemical Co., Ltd.</b><br/>         [Raw material] Municipal waste, waste plastic and biomass<br/>         [Product] Polyethylene</p> | <p><b>② Joint research with the Muroran Institute of Technology</b><br/>         [Raw material] Waste plastic<br/>         [Product] Ethylene, propylene and others</p> | <p><b>③ Joint research with Shimane University</b><br/>         [Raw material] Municipal waste, waste plastic and biomass<br/>         [Product] Methanol</p> |
|---|---|---|

# Enhancing Efforts

- Provide products for 3Rs
- Develop technology for material recycling
- Develop technology for chemical recycling
- Engage in various initiatives



## In-house efforts

**Explore new efforts**

- Issue-oriented exploration**
- Promote alliances in and outside the company**
- Build ideas**
  - ▶ **Develop them into proposals**

**Raise awareness in the company**

- Communicate related information internally via intranet
- Share updates on issues and efforts across the Group

Established  
Circular  
System for  
Plastics  
Working  
Group

## Efforts through external stakeholders' initiatives

Initiatives	Objectives	Progress and result
<b>AEPW</b>	Efforts via infrastructure building, technological innovation, education, and collection and clean-up	Promoting plastic waste collection in high-leakage areas and building infrastructure
<b>CLOMA</b>	Promoting sustainable use of plastic products and the development and introduction of alternative materials	Matching needs and seeds Providing technological consulting services for developing countries
<b>JaIME</b>	Raising social awareness and sharing and communicating information regarding marine plastic problem	Producing educational DVDs

AEPW: Alliance to End Plastic Waste      CLOMA: Clean Ocean Material Alliance  
 JaIME: Japan Initiative of Marine Environment



# Highlights: Society and Governance



<b>1</b>	<b>Sustainability Management</b>	<b>47</b>
<b>2</b>	<b>Highlights: Governance</b>	<b>50</b>
<b>3</b>	<b>Highlights: Society</b>	<b>59</b>

**1**

# **Sustainability Management**

# Approach to the Promotion of Sustainability

Advance sustainability efforts by the principle of T-S-P

## Top Commitment

**Basic Principles for Promoting Sustainability**

Commitment by top management to the promotion of sustainability

## Solutions

**S**umika  
**S**ustainable  
**S**olutions



Help resolving societal issues through our business

**Achieving Sustainability**

**T**  
Top  
Commitment

**S**  
Solutions

**P**  
Participation

## Participation

**Global Project**



SUMITOMO CHEMICAL GROUP

**GLOBAL  
PROJECT**

Group-wide effort to promote sustainability



# Global Project, Engaging All Employees



2014



School Aid for Africa

2015

Work as a group



100-year gratitude

2016-2018

Understanding of SDGs through our business



Sustainable tree

2019-2021

Accelerate efforts toward sustainability



For a Sustainable Future  
-JIRI RITA-

- Objective: learn about sustainability and lead it into actions
- How to participate: via a dedicated website

Quiz (learning)

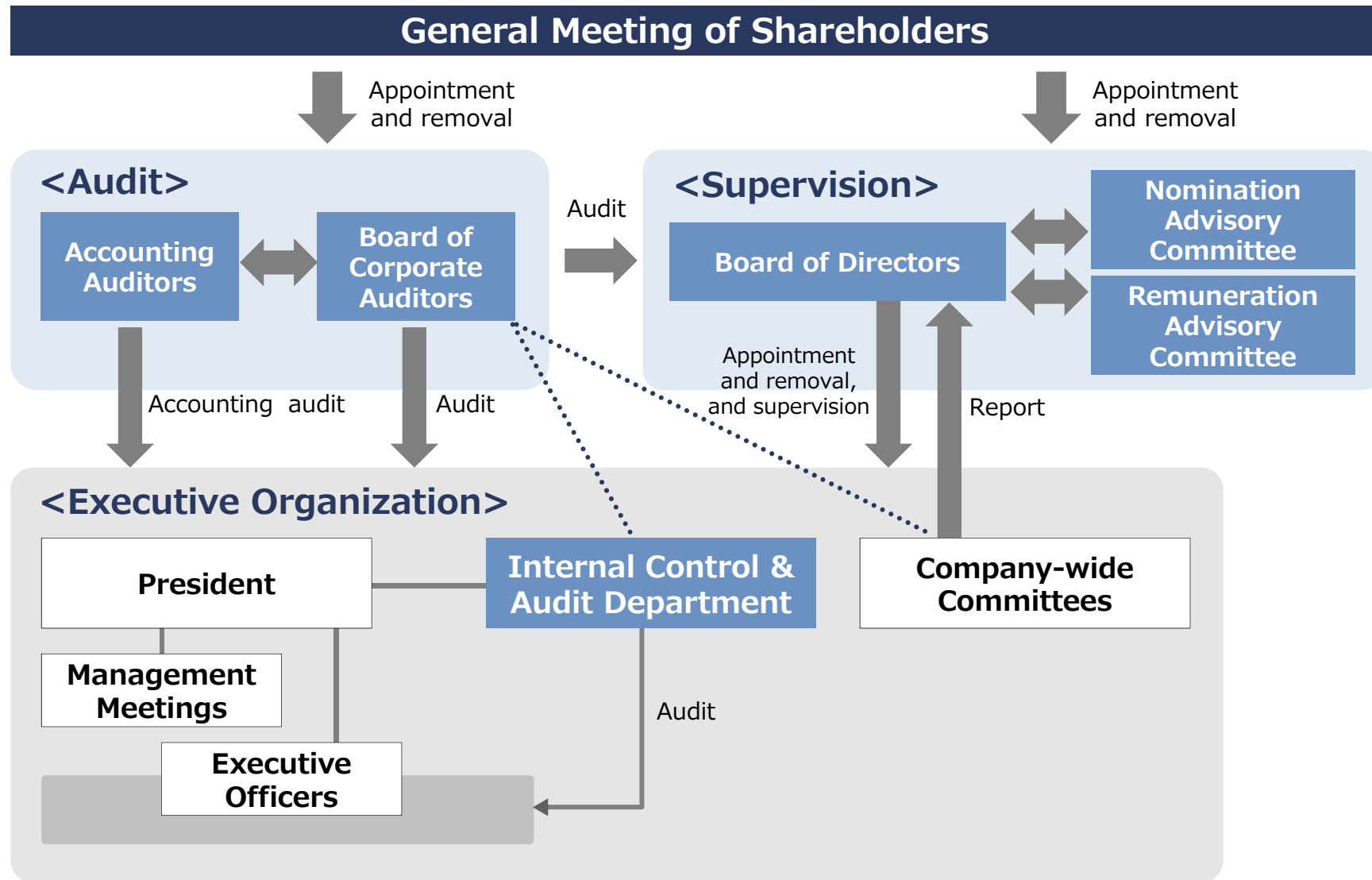
Glossary (search)

Posting (action)

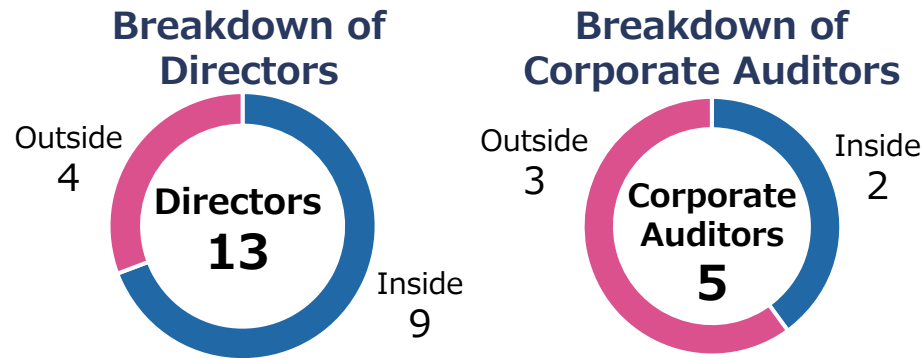
	Sumitomo Chemical	Group companies in Japan	Group companies overseas	Total
Quiz participants	4,993	8,529	9,274	22,796
No. of posts	2,266	3,290	6,511	12,067

**2** **Highlights: Governance** **G**

# Our Corporate Governance Organization



# Independent Outside Directors & Corporate Auditors



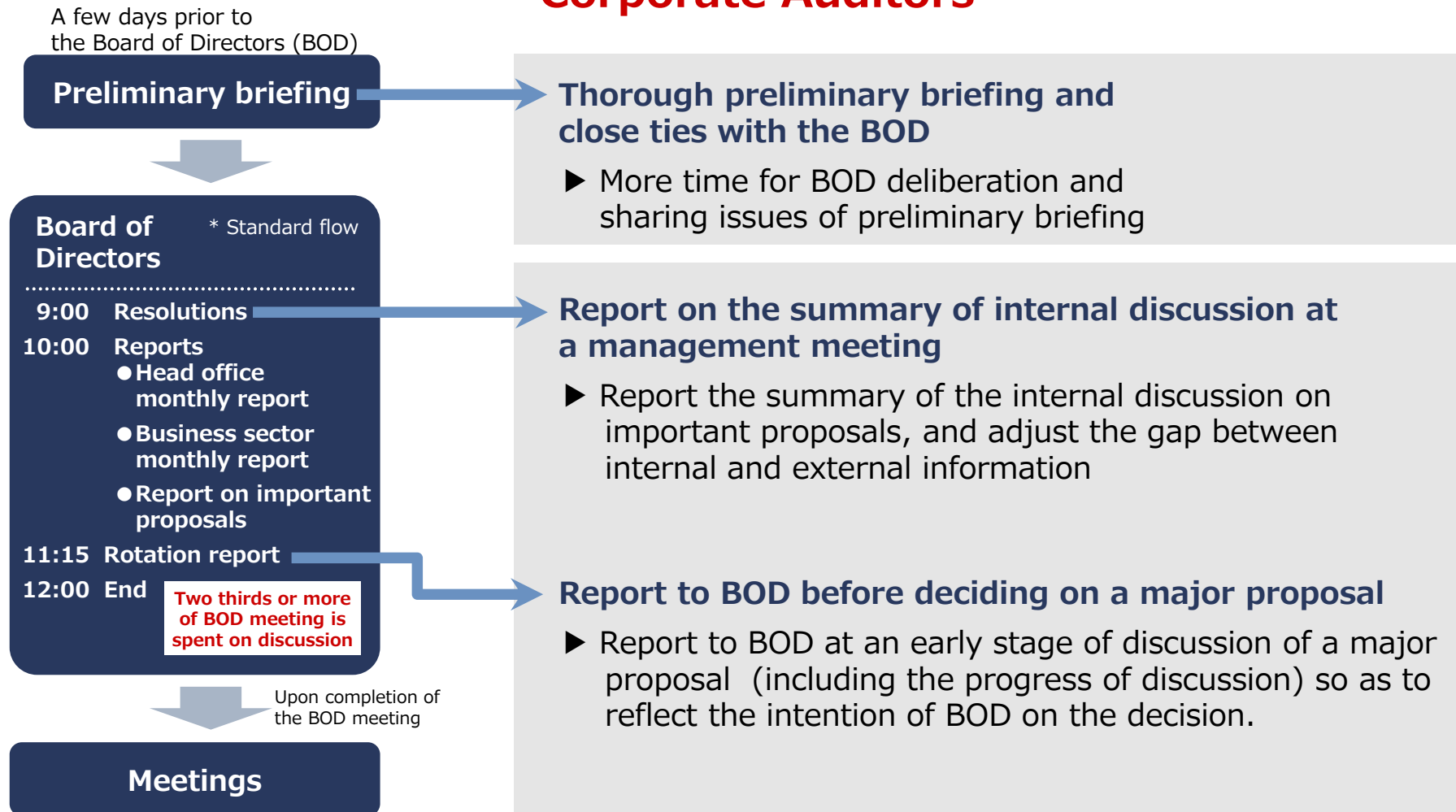
**Balanced mix of former business owners, academic experts, bureaucrats, lawyers, accounting experts, and bankers.**

## Independent Outside Directors / Independent Outside Corporate Auditors

		Former business owner	Sales & Marketing	Research, technology, manufacturing	Economy in general	Global	HR, labor management, HR development	Humanities and social science	Legal, compliance	Accounting, tax	Finance	Governance
Koichi Ikeda		○	○									
Hiroshi Tomono		○		○								
Motoshige Itoh					○	○		○				
Atsuko Muraki							○	○				○
Mitsuhiro Aso								○	○			
Yoshitaka Kato						○				○		
Michio Yoneda		○									○	○

# Substantive Measures to Reinforce Corporate Governance ①

## Maximum use of audit/advisory function of Outside Directors & Corporate Auditors



# Substantive Measures to Reinforce Corporate Governance ②

A few days prior to the Board of Directors (BOD) meeting

## Preliminary briefing



**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

Two thirds or more of BOD meeting is spent on discussion

Upon completion of the BOD meeting

## Meetings

**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.)

**Provide opportunities for informal discussion**

- ▶ Meetings for Outside Directors only (twice a year)
- ▶ Meeting for Outside Directors, President and Chairman of the Board (once a year)
- ▶ Meetings for Outside Directors and main sectors (6 times a year)

**Visits to Production Sites**

- ▶ Outside Directors visits to our business offices and overseas group companies (twice a year)

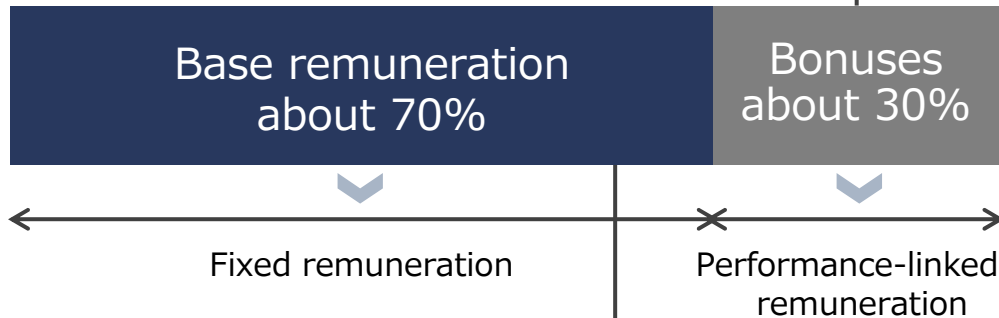


Based on these measures, we also discuss medium- to long-term issues.

# Executive Remuneration

## Remuneration Policies for Senior Management and Directors

### Remuneration for Directors (Assumption after achieving a mid-term performance target)



Calculation formula	
<b>Consolidated performance indicator</b>	<b>Core operating profit plus financial profit and loss</b>
<b>Formula</b>	Consolidated performance indicator × Coefficient*1

\*1 The higher the position, the larger the coefficient.

\* If a consolidated performance indicator is below a certain level, bonuses will not be paid.

Element of judgement	
<b>Company's size</b>	The amount of remuneration will be changed when the position of the Company is deemed to have changed as a result of a comprehensive and medium- to long-term review.
<b>Earnings capacity</b>	
<b>Outside evaluations</b> <i>Including ESG evaluation (FTSE And MSCI)</i>	

2019 results	
<b>Basic Compensation about 90%</b>	<b>Bonuses about 10%</b>

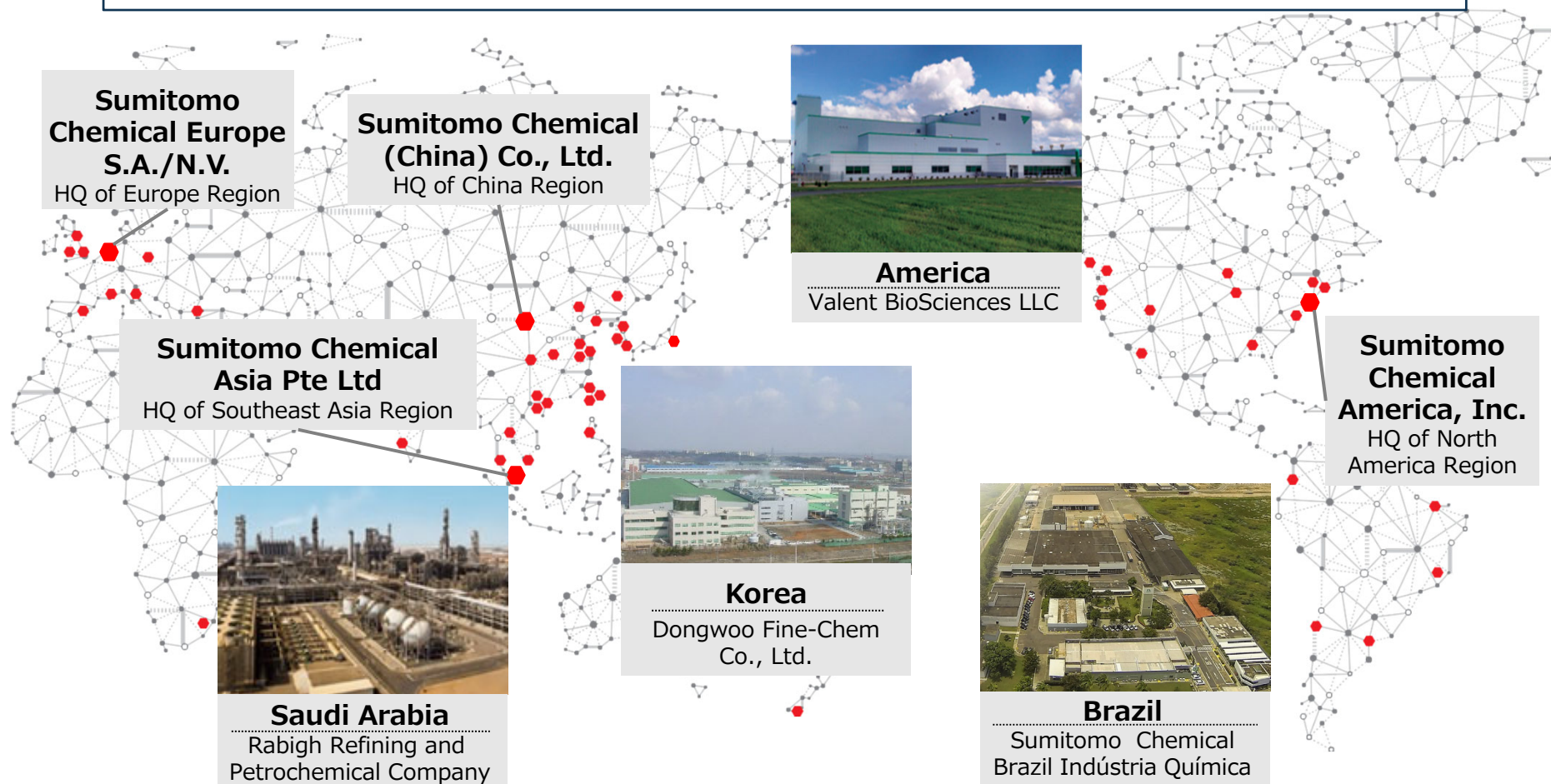
# Global Management of Group Companies

## No. of consolidated subsidiaries

Japan: **67**

Overseas: **151**

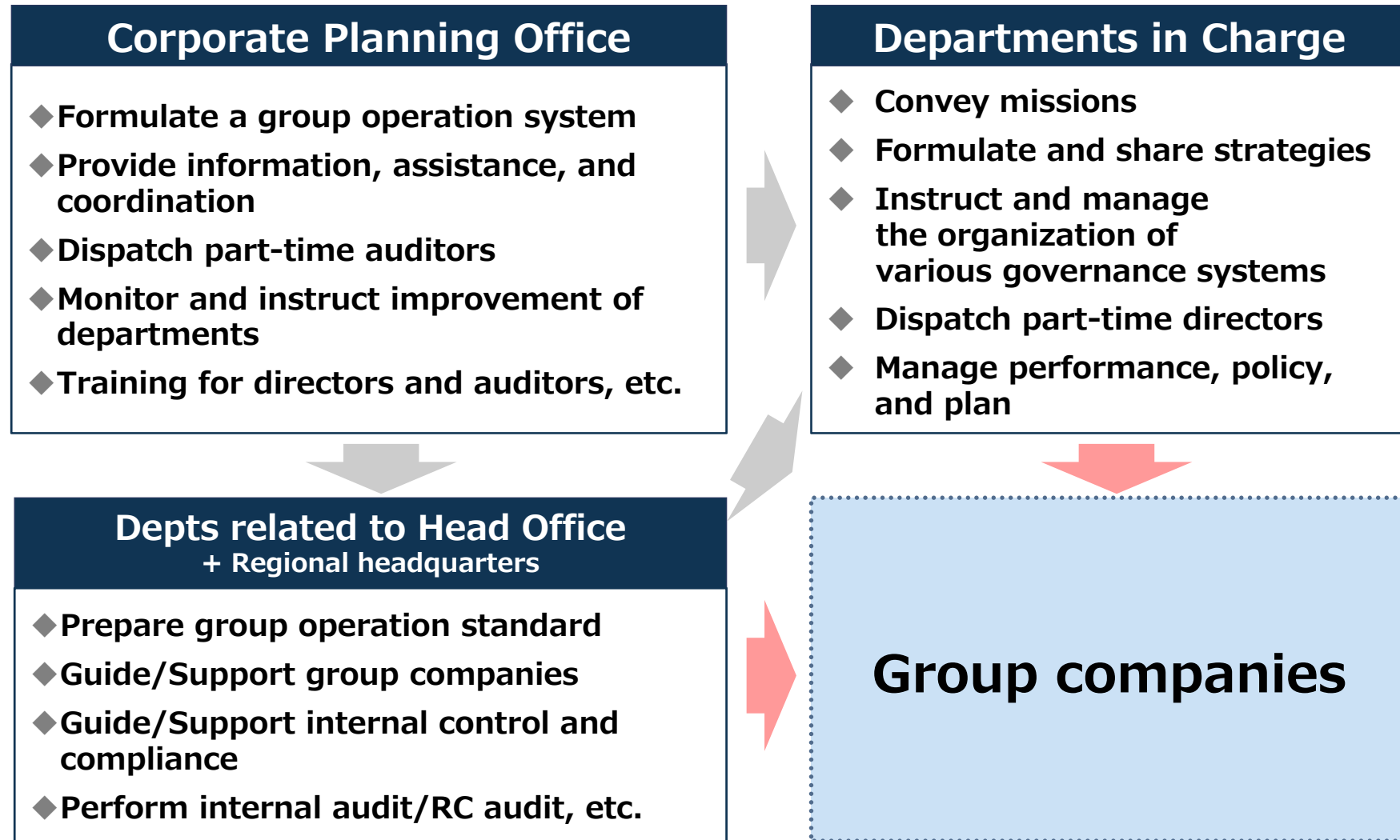
Total: **218**





# Mechanism of Group Governance

## Vertical and horizontal management of group companies



# Corporate Governance of Listed Group Companies

## Business

- Shared group strategies
- Preliminary meeting with the parent company regarding important matters
- Technological synergy as a diversified chemical company



**Maximize  
results of  
the group  
as a whole**

## Corporate governance

- Autonomous decision making by listed subsidiaries
- Ensure no conflict of interest with public shareholders of our subsidiaries

Election of a sufficient number of  
Independent Outside Directors

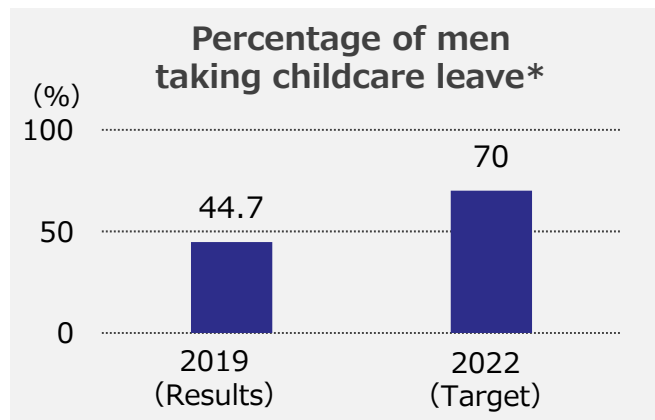
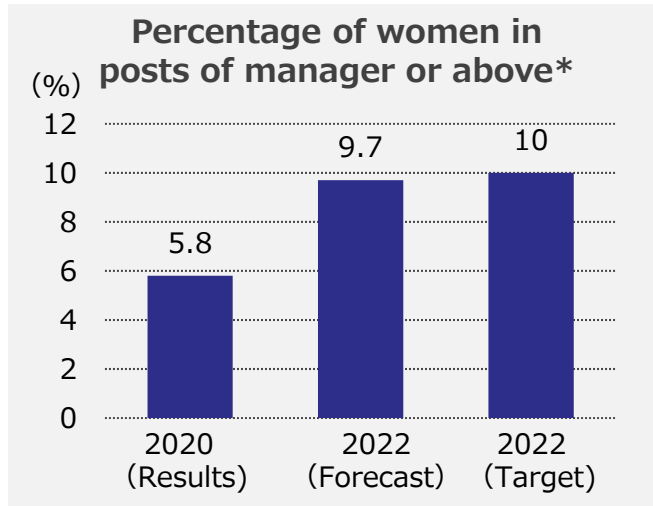
Set up Executive  
Nomination/Remuneration Advisory  
Committee, with Independent Outside  
Directors as main members

Set up a committee to oversee  
conflict of interest, consisting of  
Independent Outside Directors only

**3** **Highlights: Society** **S**

# Diversity and Inclusion

## Promoting the Advancement of Women



\* Sumitomo Chemical (non-consolidated)

## Recruitment

- Ratio of women in new graduates: Approx. 25%

## Education

- The Women's Leadership Development Academy (2014-2019)
- Diversity Management Training (March, 2020-)
- Unconscious Bias Training (October, 2020-)



Lecture on diversity (Atsuko Muraki)

## Workstyle

- Set up in-house nurseries (used by 139 employees in 6 offices from 2008 to present)
- Childcare leave: 3 years 11 months at longest
- Leave due to overseas assignment of the spouse
- Re-employment system for those who left the Company after childbirth and childcare (Career coverage system)

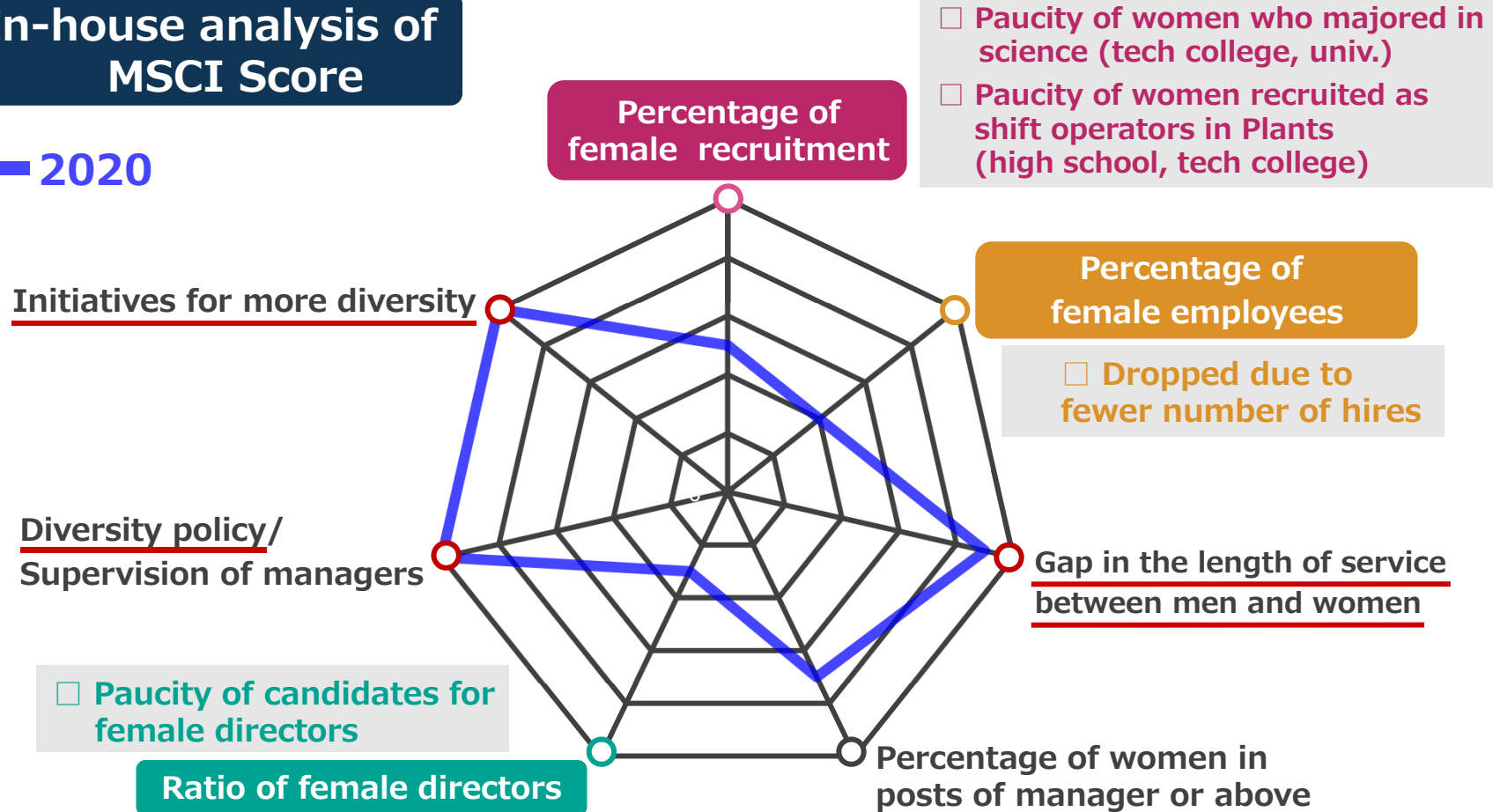


Izumi Kids (Osaka Works)

# Advancement of Women

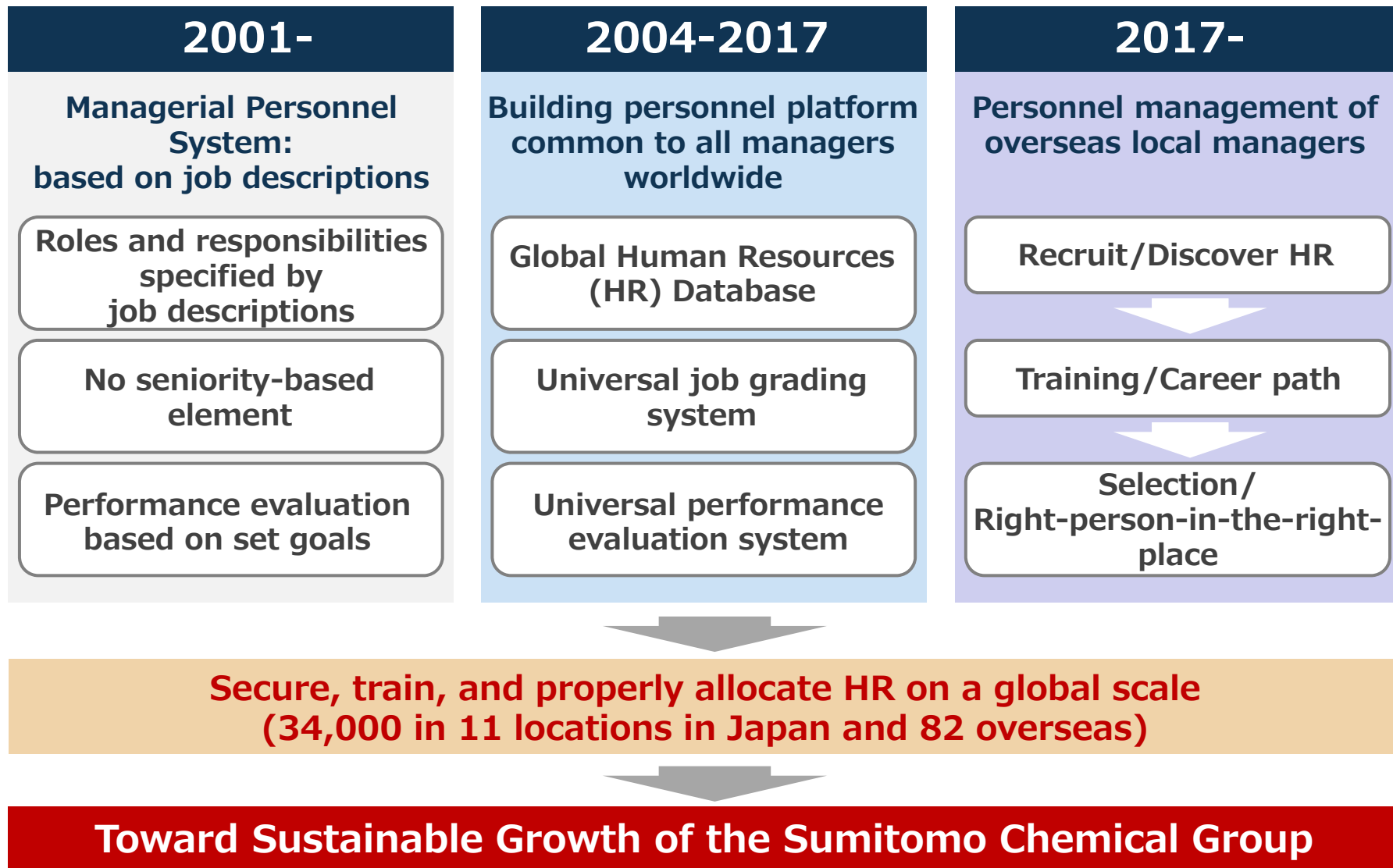
## In-house analysis of MSCI Score

— 2020



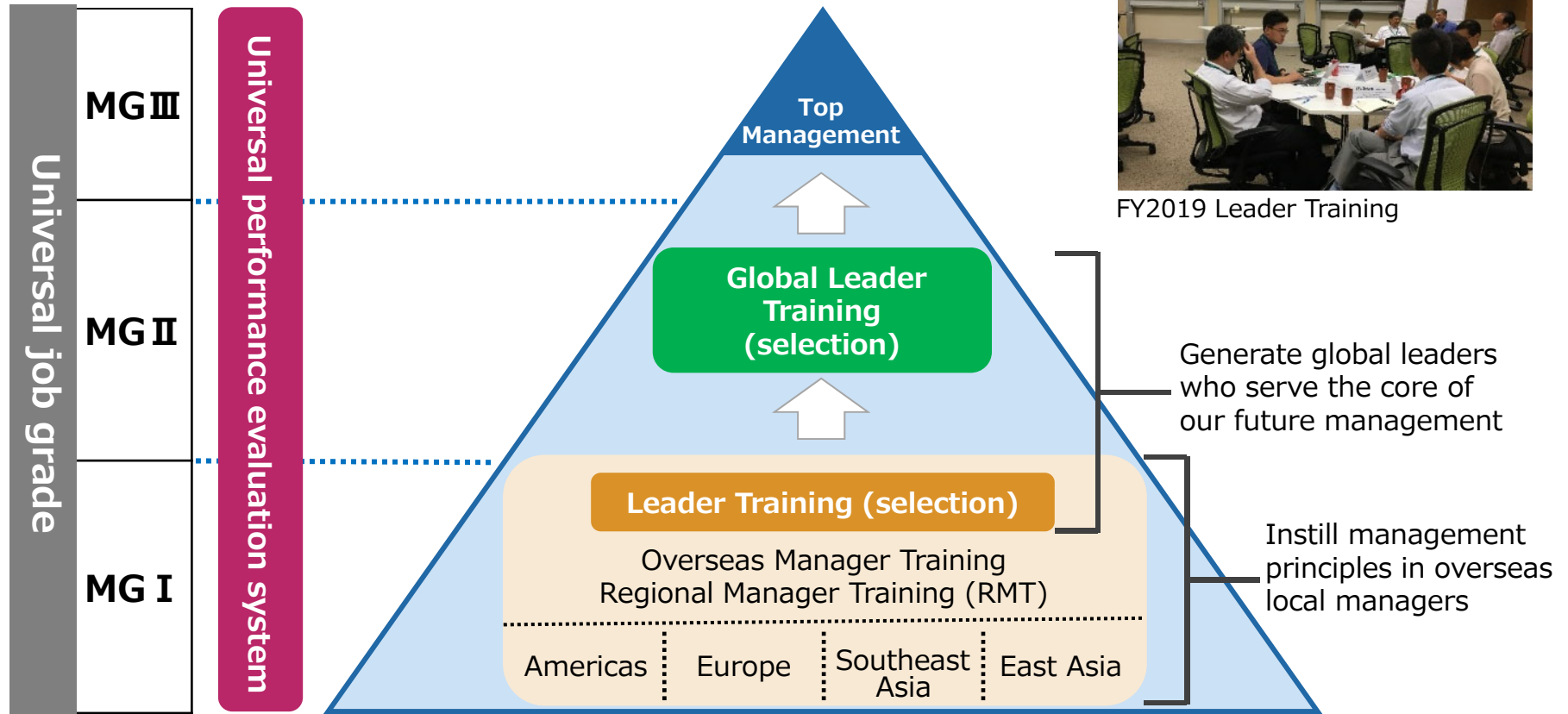
**The ground for the advancement of women has already been in place as evidenced by high scores in initiatives and length of service. We continue to work for further improvement.**

# History of Our Global Human Resource System



# History of Our Global Human Resource System

Penetration of management principles and training of next-generation leaders



- Thorough dissemination of management principles at Overseas Manager Training
- Train next-generation leaders at Global Leader Training and Leader Training

# Respect for Human Rights

## Set up policy and framework

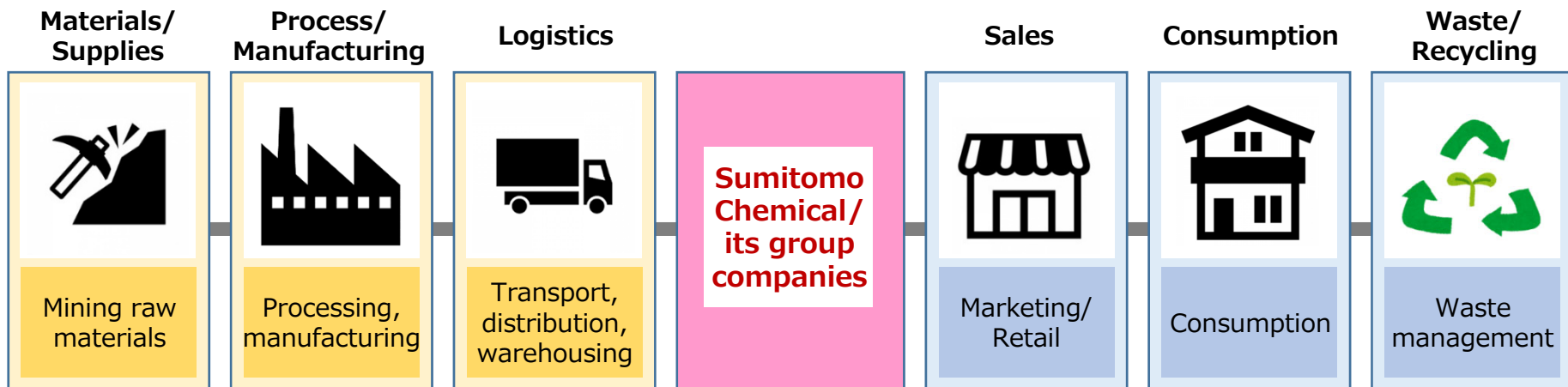
- Formulated the Sumitomo Chemical Group Human Rights Policy
- Established the Human Rights Promotion Committee

## Specific efforts

- Performed Human Rights Due Diligence
- Promoted sustainable procurement, respecting human rights
- Participated in human rights initiatives



## Meet human rights obligation across the value chain





### Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.