

Material Issues for Future Value Creation



Human Resources DE&I, Development & Growth, Health

“People” are a major source of corporate competitiveness, and securing and developing human resources is a key issue for our future value creation. Sumitomo Chemical 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 our Group through enhanced engagement.

Basic Principles

With a history spanning more than 100 years, we have consistently held the view that people are the most important management resource, and we continue to adhere to the three elements of securing human resources, fair treatment, and development and growth as our unchanging human resource philosophy. Based on this human resource philosophy, we have set human resources: DE&I, training and growth, and health as one of the material issues to be addressed as management priorities, and are developing human resource strategies for future value creation.

Securing human resources

Fair treatment

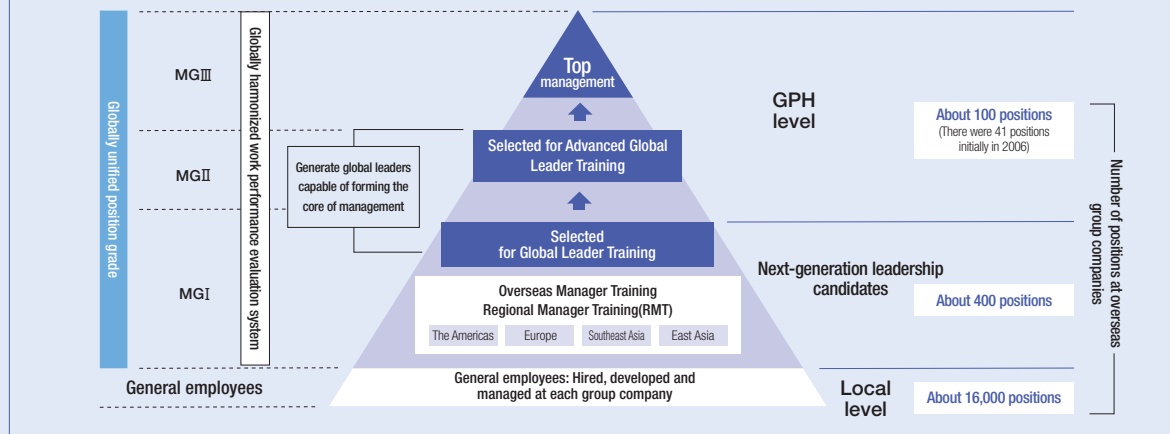
Development and growth

Human Resource System

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. In addition, in order to enhance the human resources that support the global business development of each group company, we have introduced a human resource system for managers and above at overseas group companies that is the same as that for Sumitomo Chemical's management employees. We are also appointing managers and above at overseas Group companies as Global Position Holders (GPH) as core personnel of the Sumitomo Chemical Group, and promoting the sharing of our corporate philosophy as well as providing them with opportunities for development, growth, and success.

Global Human Resource Development

In order to systematically develop the next generation of leaders, including the creation of global leaders who will play a central role in management, we are implementing a step-by-step, selective training program for employees of Sumitomo Chemical and domestic and overseas Group companies.



Human Resource Development and Growth

We have established an educational system that enables diverse human resources to develop their abilities and qualities. We have established a learning platform called the SUMIKA Learning Square to enable employees to update their knowledge and skills as needed, regardless of age or position, and support autonomous and voluntary learning. In addition, we have established a stepwise training system that includes management enhancement programs by position and role, as well as language training for global business development.

Investment in Training (SC only) FY2022

Approx. **350,000** yen/year per person

Time Spent on Training (SC only) FY2022

Approx. **138** hours/year per person
(8% of regular working hours)

Training and Growth KPI FY2022

Percentage of employees who have taken self-selected training programs,* etc. (SC only)

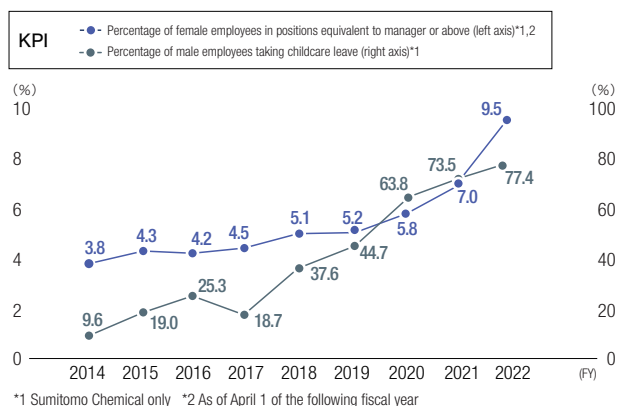
24.6%

*SUMIKA Learning Square and self-development courses opened in FY2022

DE&I

The Sumitomo Chemical Group has established the Group Basic Principles for DE&I Promotion, and based on these principles, approximately 100 companies in Japan and overseas set KPIs according to the situation of each country and each company to promote DE&I initiatives across the entire Group. Sumitomo Chemical has set a KPI target of achieving a 10% ratio of female employees in managerial positions and above by fiscal 2022, and as of April 2023, the ratio had reached 9.5%. From FY2023, we will 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 addition, we will aim to grow together while mutually accepting and utilizing each other's knowledge and experience, which is unique to a diversified chemical company and rich in diversity.

Sumitomo Chemical (SC only) KPI (FY2014-2022) Results



Sumitomo Chemical (SC only) New KPI (FY2023-2027)

New KPI	Targets
Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees	Over 15% of average over the 5 years between FY2023 and FY2027
Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.	Over 90%

Health

We promote various support measures to solve and improve employees' health issues so that they can lead healthy lives both mentally and physically and realize prosperous lives. The Board of Directors and the Management Meeting discuss the direction of these measures, and at the annual liaison meeting of industrial physicians, we have established a system and framework to enhance the effectiveness of each measure by receiving opinions from a medical perspective on the establishment of measures and targets.

Under this structure, the company and the Health Insurance Association jointly formulated the Sumika Koushishimasu Declaration, and are working on specific action items in the five areas of diet, exercise, sleep, quitting smoking, and mind, including the expansion of affiliated gyms for the purpose of establishing an exercise routine, programs to improve sleep, and support for employees who want to quit smoking.

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

FY2021
67.6%
| Previous year 66.7% |

Smoking rate

FY2021
15.8%
| Previous year 17.5% |

Percentage receiving specific health guidance

FY2021
83.8%
| Previous year 84.9% |

*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 — |

*Calculation has begun in FY2022

*All figures are on SC only basis.

Health KPI:
Continued Recognition as one of the Certified Health & Productivity Management Outstanding Organizations (White 500)

For six consecutive years, Sumitomo Chemical has been certified as one of the Certified Health & Productivity Management Outstanding Organizations (White 500), a program established by the Ministry of Economy, Trade and Industry.



TOPICS

Strengthening Linkage with Management Strategies: Establishment of the “Sumitomo Chemical Academy” ~A “Learning Collective” that Transcends Organizational Frameworks and Connects Employees~

Sumitomo Chemical established the “Sumitomo Chemical Academy” aiming to contribute to fostering a climate of innovation and human resource development by providing employees with a place to discuss technical issues related to the Company's business beyond the framework of existing organizations and to acquire new perspectives, knowledge, and ideas for solutions. A key feature of this program is that it is open to employees in all areas of expertise and responsibilities, regardless of whether they are in the humanities or the sciences.

The “Sumitomo Chemical Academy” consists of five workshops encompassing the Company's technical fields, each of which is chaired and vice-chaired by an associate or fellow and focuses on free discussion among members to share and integrate diverse and advanced specialized knowledge and to generate ideas useful for the development and creation of the Company's business.