

Sumitomo Seika Report 2025

Contents

Introduction

- 3 Guiding Principles
- 5 Message from the President
- 9 Path of Value Creation
- 10 Highlights of Fiscal 2024

Value Creation

- 11 Material Issues in Management (Materiality) and the Foundations Supporting Business Continuity
- 14 Progress of Medium-Term Business Plan
- 15 Value Creation Process
- 16 Contribution to the Earth and People's Lives through Our Business

Management Capital

- 17 Financial Capital
- 20 Human Capital
- 22 Manufacturing Capital
- 24 Intellectual Capital
- 26 Natural Capital
- 27 Social and Relationship Capital

Growth Strategy

- 28 Business Strategy
- 31 Research & Development

Sustainability

- 34 Sustainability Management
- 36 Respect for Human Rights
- 40 Promoting Human Capital Management
- 43 Talk Session: Empowerment of Female Employees
- 45 Responsible Care
- 46 Environmental Initiatives
- 48 Climate Change Initiatives
- 53 Occupational Safety & Health / Disaster Preparedness / Logistics Safety
- 55 Chemical Substance Management
- 56 Relationship with Local Communities & Society
- 58 Quality Initiatives

Corporate Governance

- 59 Corporate Governance
- 63 Directors (Executive Officers)
- 66 Internal Control & Compliance
- 68 Risk Management

Data

- 70 Company Profile & Stock Information
- 71 Group Network
- 72 Data

Reporting Period

Fiscal 2024 (from April 1, 2024 to March 31, 2025)

*Partially including some data from April 2025 onward

Reporting Scope

If not stated otherwise, the scope includes Sumitomo Seika Chemicals Co., Ltd. and its consolidated subsidiaries.

Standards and Guidelines Referenced

- Integrated Reporting Framework, IFRS Foundation
- GRI Standards, Sustainability Reporting Initiative

Scope of the Third-Party Verification

The data on the pages listed below has undergone third-party verification by the Japan Chemical Industry Association (JCIA) to ensure the transparency and reliability of the information.

- Environmental Initiatives >> P.46
- Climate Change Initiatives >> P.48 (excluding the section on Biodiversity Conservation P.52)
- Occupational Safety & Health / Disaster Preparedness / Logistics Safety >> P.53
- Chemical Substance Management >> P.55
- Relationship with Local Communities & Society >> P.56
- Non-financial Data >> P.73 (excluding the sections on Sustainable Development and Human Capital Data)

Main Disclosure Media

-  **Corporate Website**
-  **Annual Securities Report**
This report is available in Japanese only.
-  **Financial Results**
-  **Fact Book**
-  **Corporate Governance Report**
This report is available in Japanese only.

Notes on forward-looking statements:

This report contains not only facts about the Sumitomo Seika Group's past and present, but also forecasts, expectations, and plans concerning the future. These forward-looking statements are based on assumptions and judgments using information available at the time of writing and may be affected by various factors such as changes in the future business environment.

Guiding Principles

Sumitomo Business Spirit

Business Principles

Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times.

Under no circumstances, however, shall it pursue easy gains or act imprudently.

Article 1 emphasizes the importance of gaining trust of business partners and of society. Article 2 underscores the significance of having an enterprising spirit in seeking to generate profits while adapting to changes in society promptly and appropriately and, at the same time, making constant efforts to reform business. It also strongly admonishes us against acting imprudently in pursuit of speculative gains.

“Jiri-Rita Koushi-Ichinyo”- Benefit Self and Benefit Others; Private and Public Interests Are One and the Same

This teaching states that Sumitomo’s business must benefit not only Sumitomo itself but also the nation and society. Sumitomo must always conduct business in harmony with the public interest and fulfill its corporate social responsibilities. This kind of attitude has been passed down among the companies of the Sumitomo Group to the present day.

Corporate Mission

Following the Sumitomo Business Spirit, the Sumitomo Seika Group will contribute to the advancement of society by developing world class creative technologies in the field of chemistry and, based thereon, supplying unique, high-quality products to people around the world.

Purpose Statement



We will solve issues
facing the earth and people’s lives
through Sumitomo Seika’s “Chemistry”

Purpose Statement

In 2022, the Sumitomo Seika Group has formulated our Purpose Statement as a message of our Group's determination to foster a culture where our employees unite more than ever and take on difficult challenges, and to convey this commitment to all stakeholders.

As awareness of SDGs and ESG is growing, we are committed to implementing unwavering management with a long-term perspective to meet the growing expectations and demands that companies will resolve social issues. To achieve this, it is important that all employees across the Group share an

understanding of why the company exists and what value it provides, and that each department works together in unity to tackle challenges.

By linking our Purpose Statement—“We will solve issues facing the earth and peoples' lives through Sumitomo Seika's 'Chemistry'”—to specific tasks and issues in each department during daily working activities, we strive to ensure that employees are always aware of our mission to utilize our technologies to deliver products that contribute to the advancement of society.

To address social issues, particularly the reduction of greenhouse gas (GHG) emissions, innovation driven by the power of chemistry will be indispensable.

Within that context, each employee seriously considers how to contribute using our Group's technologies as their own responsibility, and we will continue to evolve Sumitomo Seika's “Chemistry”.

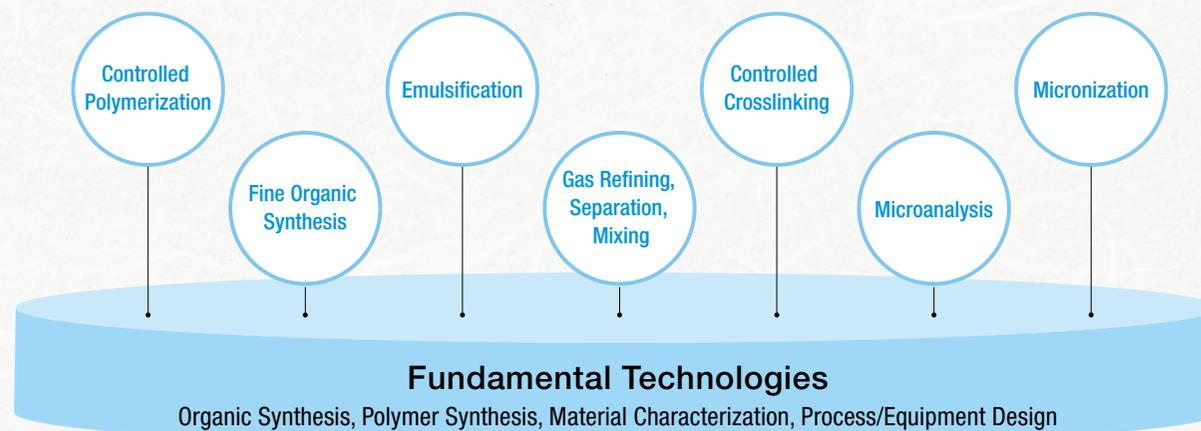
The illustration below depicts a scene where people from different backgrounds are enjoying healthy lives, with the issues faced by the earth and peoples' lives resolved.



We will solve issues facing the earth and people's lives through Sumitomo Seika's “Chemistry”

Sumitomo Seika's “Chemistry”

- ▶ Composed of our core technologies having distinctive advantages and uniqueness on the right:
- ▶ Creates something new by fusing a variety of existing products or technologies.
- ▶ Figuratively means that our corporate culture makes it possible to create new things through people working together.



A photograph of ODA Yoshiaki, the Representative Director and President of Sumitomo Seika. He is an older man with short, dark hair, smiling warmly. He is wearing a dark blue suit jacket over a white shirt and a patterned tie. He is seated on a ledge in front of a large window that looks out onto a bright, green outdoor area. The lighting is natural and bright, suggesting a sunny day.

Message from the President

Through continuous dialogue with employees in the field, management will strengthen the sense of unity across the Group, ensuring that all members share common goals as we work together to address the challenges ahead.

Representative Director, President

ODA Yoshiaki

As I Assume Presidency

In June 2025, I succeeded the position of President of Sumitomo Seika Chemicals Co., Ltd., taking on a leadership role in steering the Sumitomo Seika Group, which has a proud history spanning over 80 years since its founding. Prior to assuming the presidency, my personal connection with the Group was virtually nil. Accordingly, I felt it important to begin my duties by getting to know the people who actually carry out the Group's everyday activities. Specifically, I decided to visit all of our business sites in Japan and overseas to hold face-to-face dialogue with employees in the field, including those on the front lines. Wherever I went so far, I was always impressed by how candidly many employees spoke with me, even though we had just met. Through these dialogues at various workplaces, I got the impression that many employees were faithfully engaged in their work and were willing to make diligent efforts constantly. For a manufacturing company, a manufacturing site means something special in that it is the place where the company's proprietary technological expertise is embodied and the soul of manufacturing resides, so to speak. When I set foot on our manufacturing site, I was deeply struck by the landscape that a neatly-organized work environment was maintained with the 5S principles (so called in Japan) observed—"Seiri" (sort), "Seiton" (set in order), "Seisō" (clean up), "Seiketsu" (sanitize), and "Shitsuke" (discipline). The workplaces I visited were as thoroughly organized as in the flagship plants of other prominent companies I had ever called on in Japan and abroad, which indicates that our manufacturing plants are continuously adding improvement and making necessary investment to keep the workplace environment optimal. I intend to create more opportunities in the future for such direct dialogue with people in the field to get the feel myself of what is happening over there, while at the same time allowing me to talk directly to employees in the field and help them understand my thoughts thoroughly. Of course, it is not just me alone visiting business sites; all members of our management team will hold more face-to-face talks with employees. Through repeating these direct exchanges of views between management and employees in the field, I hope to foster a shared sense of unity among management and employees, free from any divide between them. By doing so, we aim to help employees share the Group's vital issues to address and the goals to seek across the Group in a timely manner, thereby carving out the future

of the Sumitomo Seika Group through concerted efforts by all of us.

The global chemical industry is undergoing a variety of significant changes. For example, in China, massive capacity expansion is taking place at petrochemical plants, which has markedly disrupted the supply-demand balance across Asia. As a result, petrochemical industries in South Korea and Japan are urged to accelerate structural reforms or reduce their production capacities. Chemical industries in the rest of the world, such as Europe and North America are also affected. Under the circumstances, we must respond to various challenges confronting us, such as increased geopolitical risks, fluctuations in raw materials and fuel prices, and currency exchange rates. Furthermore, we must be properly responsive to the growing international attention on specific initiatives of corporations to reduce greenhouse gas (GHG) emissions, tightening regulations of each country requiring corporations to make proper safety assessment of chemical substances they handle and fulfill social responsibility for management of the substances. We fully recognize that the business environment will remain difficult in years and decades ahead for the Sumitomo Seika Group that operates various businesses in a global arena, as represented by the mainstay business of super absorbent polymers (SAP).

The Medium-Term Business Plan (FY2023 to FY2025) in Review

Under the current Medium-Term Business Plan that began in fiscal 2023, the Sumitomo Seika Group has been working on four priority initiatives: "building resilient business structure", "reaping fruits of research and development", "promoting thorough streamlining", and "boosting sustainability initiatives."

With respect to the first initiative of "building a resilient business structure", we need to make much greater efforts in certain areas of business. In the Super Absorbent Polymers Sector, our unabated efforts to strengthen sales activities in China and other markets in Asia have resulted in a steady increase in sales volume with selling prices staying largely stable. To ensure meeting anticipated market growth in the future, we are constructing a new SAP manufacturing plant at our Group company in Singapore. This plant, the largest investment during the

three-year period, is scheduled for mechanical completion before the end of the current fiscal year. On the other hand, the performance of the Functional Materials Sector leaves much to be desired, affected by several developments such as the IR latex business having been discontinued earlier than initially planned and sales of electronics gases having suffered a major setback due to production adjustments in the semiconductor industry. In light of the situation, we are working to improve profitability by optimizing our business portfolio, including withdrawal from unprofitable businesses or through more appropriate pricing for our products. Admittedly, far greater efforts are required and more time taken before these initiatives contribute to the Sector's business performance.



Regarding the second initiative of "reaping fruits of research and development", various projects are steadily yielding results. First and foremost, the development of a new grade SAP, which requires a smaller volume of SAP and other materials used in disposable diapers, is making good progress toward its launching onto the market. Furthermore, we have built a new pilot facility dedicated to SAP at Himeji Works, which became operational this fiscal year. Another development is going on in the SAP field to prepare for commencing new initiatives in the near future. For example, we are developing technologies to establish a horizontal chemical recycling system for SAP that is separated from used disposable

diapers. At the laboratory testing level, we have already verified that the quality of recycled SAP is equivalent to that of conventional products. As far as the functional materials area goes, progress has been made in developing new additives for lithium-ion secondary battery (LIB) electrolytes and highly functional insulating coating materials for small- and medium-sized power generators. Both of these products are expected to contribute to our business performance in several years. In addition to these undertakings, we are conducting a number of research and development projects. To further accelerate the activities and strengthen our R&D capabilities, a new R&D facility is under construction in the Befu area, Hyogo, Japan scheduled for completion in April 2026.

As to the third initiative of “promoting thorough streamlining”, a diverse range of initiatives are progressing well. The project to streamline SAP manufacturing, which began in fiscal 2018, is underway. As the capacity utilization of plant facilities stays high across the Group at the moment, we are carrying out work for the streamlining whenever possible. Also, we are implementing various projects to increase overall productivity across the Group, such as renovating our core business systems and re-engineering global information technology (IT) infrastructure.

In respect of the fourth project of “boosting sustainability initiatives”, concrete measures are underway. Among them are setting the Group-wide fiscal 2033 targets for GHG emission reduction and drawing up specific plans to achieve them, both of which have been validated by the Science Based Targets initiative (SBTi). We are also active participants in the United Nation’s Global Compact and other related initiatives worldwide. Having established the Group’s basic policies on human rights and environmental protection, we are currently working to prepare and implement action plans according to the policies.

For fiscal 2025, the final year of the ongoing Medium-Term Business Plan, we have performance targets of 160 billion yen in net sales and 12 billion yen in operating income. While the Super Absorbent Polymers Sector appears to be on track to achieve its targets, we find it difficult for the Group as a whole to meet the targets, due to the significant decline in the performance of the Functional Materials Sector. When it comes to this Sector, we acknowledge that our observation on the outlook of the business environment was optimistic and recognize in retrospect that we failed to respond swiftly and flexibly enough to ever-changing external circumstances. With a strong sense of crisis, we are working vigorously to rebuild the business successfully.

*The figures for the fiscal 2025 earnings forecast presented in this article are based on the information disclosed on May 12. Please refer to our website for the latest earnings forecast

Formulating the Next Medium-Term Business Plan

1. Defining a Corporate Vision

In my view, defining a corporate vision, that is to say, a thought about what you aspire to become in the future, is inevitable at a time when the business environment is vastly changing. The Sumitomo Seika Group has established its Purpose Statement: We will solve issues facing the earth and peoples’ lives through Sumitomo Seika’s “Chemistry.” This defines the objective of the Group’s corporate activities. As I see it, it is essential for the Group to first express in words what the Group aims to become in the future through continuously engaging in such activities and then to keep moving toward such a vision. When I met with our executive officers and department managers, I began our talks by asking, “What corporate group would you like to turn Sumitomo Seika into?” The responses were very diverse, indeed. They naturally had a vision for their respective areas of responsibility, but nothing beyond. Their view of overall pictures about the Group’s future was far from distinct. Given this finding, there would be no need to confirm the general perception of employees in the field about the corporate vision. I feel strongly that we must define a corporate vision for the Sumitomo Seika Group and then every member of the Group should share a common understanding about the vision. By setting one common vision, we can establish guiding principles or a compass for corporate management, which will enable us to respond to changes in the business environment from the perspectives of the Group’s holistic optimization. Most importantly, when defining a corporate vision, mutual understanding must be built between management and employees, including those in the field, through open dialogue, instead of one-way communication from management to employees. Bearing this basic thought in mind, we will initiate the process of formulating the next Medium-Term Business Plan from fiscal 2026 by discussing the Sumitomo Seika Group’s corporate vision. Management will first present draft visions, along with various tasks required to realize them, to employees, including those in the field for their consideration, who in turn will discuss among themselves specific challenges they may face in carrying out those tasks in their respective workplaces.

Following repeated dialogue with each other, management and employees will respectively summarize their challenges and tasks from diverse perspectives and will together discuss thoroughly what should be done to handle them. Fostering such two-way communication between management and employees, I hope, will gradually develop a shared understanding of the Group’s corporate vision and enable each department to formulate its own action plans.

2. Strategic Position and Growth Trajectory of Each Business Sector

The Super Absorbent Polymers Sector is expected to continue serving as the Group’s main growth engine for activities under the next Medium-Term Business Plan. With the continued growth of the global population and rising income levels, we anticipate that the hygiene products market, of which SAP is an integral part, will evolve along two paths: first, “quantitative expansion,” that comes with the increasing popularity of these products in new geographical areas, and second, “diversification of functions,” in response to differing lifestyles and consumer preferences across regions where the products are used. Our new SAP manufacturing plant is currently under construction in Singapore. Looking to the future, we will keep working to establish a Group-wide SAP production system capable of meeting demand growth that can be expected in the future after the Singapore manufacturing facility comes on stream. At the same time, given that needs for our product are diversifying depending on customers and regions, we will strengthen our marketing capabilities to develop and launch, ahead of fellow producers, new grade SAP that properly satisfies the varied needs. In addition, to keep the business sustainable for the future, we will formulate and implement concrete measures to address certain key issues, such as continued thorough business rationalization, including streamlining, and accelerated initiatives to minimize burdens on the global environment such as reducing GHG emissions.

For the Functional Materials Sector, assuming that the difficulties we experienced during the current Medium-Term Business Plan will further persist, I believe that drastic measures should be taken to transform the business structure into a more resilient one, thereby bringing the business to a stage where growth in new products drives performance. With respect to the projects of rebuilding the business portfolio, we announced in May 2025 the withdrawal from the powdered

plastics business. For other existing businesses, too, we will carefully assess their profitability and future viability and decide which businesses we should continue to operate. The electronics gases business, initially expected to achieve high growth under the current Business Plan, is no exception. We will re-define our business strategy by placing analytical focus on product-specific market and customer trends, rather than on an overall semiconductor industry outlook. For new products that will shape our future, we will allocate ample resources to their R&D. Our current scenario anticipates that, within the next few years, some of the new products now under development, such as additives for LIB electrolytes and highly functional insulating coating materials, will contribute to our business performance. Furthermore, there are a group of new products which are now under development, following the above-mentioned products. By around 2030 when we expect to have commercialized these new products, the product portfolio of this business segment will be significantly transformed, with growth potential even surpassing that of the Super Absorbent Polymers business. Whether we can build a firm foothold for such business portfolio transformation or not really depends on what comes out of the initiatives we will promote during the upcoming Medium-Term Business Plan. Recognizing this, all Sectors, i.e. Business, Production, Research & Development, and Administration, will combine their wisdom and effort to do all we ought to do.

3. Advancing the Management Foundation

For sustainable business growth, it is essential to keep advancing the management foundation in a manner to adapt to changes in the business environment. Among other things, we will re-double our endeavor to enhance initiatives for sustainability challenges, while staying abreast of ongoing international discussions through continued participation in the United Nation's Global Compact activities or by other means. Specifically, we are already engaged in such initiatives as combating climate change and strengthening human capital management, including leadership development, recruitment of experts, and establishment of sound work environment. In addition to these initiatives which we will continue to carry out, we will focus on emerging issues that are attracting increasing attention in recent years, most notably respect for human rights and biodiversity conservation. For these issues, we will set our voluntary targets and promote continual efforts to achieve them.

Another key challenge to advance our management foundation is the accelerated and expanded utilization of digital technology. In fiscal 2023, for installation across the Group, we introduced materials informatics (MI), an AI-enabled materials development technology, which is beginning to show positive outcomes such as expedited R&D. This fiscal year, we just started Group-wide full-scale implementation of generative AI technology. Going forward, we will promote applying generative AI to specialized tasks for enhanced productivity and value creation. Examples of this undertaking include analyzing information on intellectual property and chemical safety, and controlling operational conditions and conducting equipment maintenance at a manufacturing site, while increasing overall work efficiency through a Group-wide rollout of general-purpose generative AI.

Strengthening the Foundation to Support Business Continuity

For a business to sustain growth and enhance corporate value over the medium- to long-term, it is essential that sound corporate governance be maintained and strengthened across the corporate group, let alone implementing thoroughly risk and crisis management including ensuring thorough legal & ethical compliance.

Earlier this year, it came to our attention that one of our Group companies, without the required prior notice to its customers, had changed the agreed procurement source of a raw material for a certain product. The company then manufactured the product using the raw material and sold the product to the customers, charging them without reflecting the change of the raw material source in the product selling prices. Taking this incident seriously, we reaffirmed within the Group the paramount importance of preventing recurrence of such an incident and performing prescribed quality assurance and control with respect to products we deliver to our valued customers. We will continue making every sincere effort to put our words into action. Our efforts include ensuring ethical as well as legal compliance thoroughly about matters related to product quality and business transactions, conducting truly effective supervision and auditing by the administrative and internal audit departments, and augmenting corporate governance over the Group companies.

On top of them, to fulfill our responsibility as a chemical manufacturer, we remain committed to ensuring safety across all business activities, protecting the global environment, respecting human rights, and advancing Diversity, Equity, and Inclusion or DEI for short. At the same time, we will disclose information regarding the Group's activities in a proper and timely manner and listen sincerely to voices from our stakeholders, so that we can continue to be a corporate group trusted by society.

In tackling the challenges described above, management and employees generally take different approaches. Management approaches them from the perspective of total optimization, while employees focus on resolving individual issues in front of them. Yet it is ultimately the employees in the field who actually drive the company's business forward. As I mentioned at the outset, through my visits to our business sites in Japan and abroad, I was greatly reassured and encouraged to see that we are fortunate to have so many employees who have the character of approaching their work at hand with both integrity and perseverance. I am fully confident that the Sumitomo Seika Group will be able to sustain its business growth in the future if management and employees, including those in the field, foster a sense of unity through close dialogue, and employees place their trust in management and carry out their tasks with confidence. Your kind understanding and continued support will be greatly appreciated.



Path of Value Creation

The Sumitomo Seika Group was founded in 1944 as a manufacturer and seller of fertilizers. Later, as the fertilizer industry suffered upheaval, the company switched its main focus to industrial chemicals. Since that time, we have expanded our business areas mainly to gas products, chemical equipment (engineering), fine chemicals, functional polymers, and super absorbent polymers, while also actively expanding our business overseas.

1944–1950s

- Founded in Kako-gun, Hyogo Prefecture, and began manufacturing and selling ammonium sulfate.
- Promoted business expansion.
- Worked to become self-sufficient in raw sulfuric acid and streamline costs.
- Began manufacturing and selling urea, industrial chemicals, and gas products.



1970s

- Stopped manufacturing ammonia, ammonium sulfate, and urea (withdrew from the fertilizer business).
- Expanded business of methanol-based products (formaldehyde, etc.).
- Stopped manufacturing and selling methanol.
- Increased sales of sulfur and chlorine compounds.
- Entered into electronics gases on a full scale. Sales grew.

1990s

- Expanded product lineup of fine chemicals such as pharmaceutical intermediates and functional polymers such as water-soluble polymers.
- Expanded super absorbent polymers manufacturing facilities at Himeji Works three times.
- Started manufacturing and selling super absorbent polymers in Singapore.



2010s–2024

- Started manufacturing and selling electronics gases in China (later converted to contract manufacturing of chemical products).
- Expanded super absorbent polymers manufacturing facilities at Himeji Works three times.
- Started manufacturing and selling super absorbent polymers in Korea.
- Expanded manufacturing facilities for electronics gases in Japan and Korea.



1960s

- Constructed a factory in Himeji, Hyogo Prefecture to produce ammonia, ammonium sulfate, and methanol, effectively utilizing coke oven gas generated at steelworks.
- Started manufacturing and selling standard gases.
- Started chemical equipment business (later engineering business). Sales grew.
- Started manufacturing and selling powdered plastics, and built a factory in Yachiyo, Chiba Prefecture in response to growing demand.
- Started manufacturing and selling polymer compounds, chlorine compounds, and sulfur compounds.



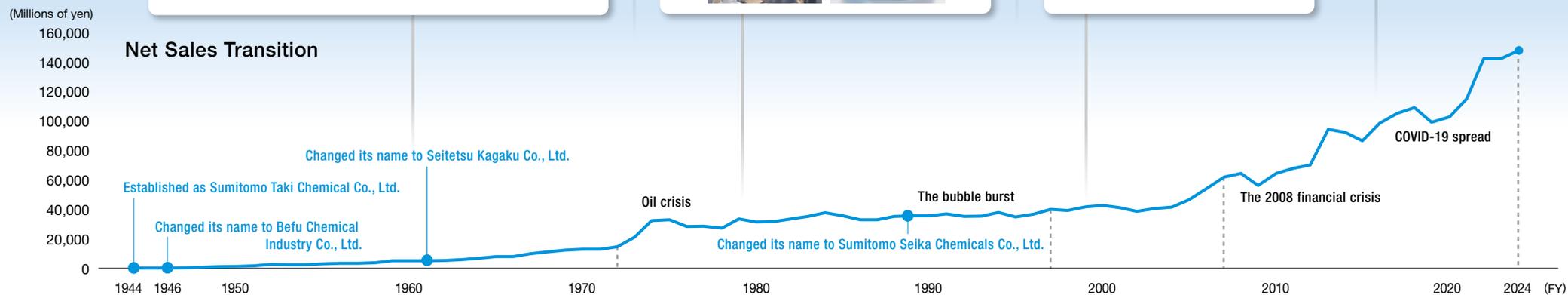
1980s

- Increased orders for various pressure swing adsorption (PSA) devices.
- Expanded product lineup of polymer compounds (functional polymers). Sales expanded.
- Started manufacturing and selling pharmaceutical intermediates.
- Started manufacturing and selling proprietary super absorbent polymers.



2000s

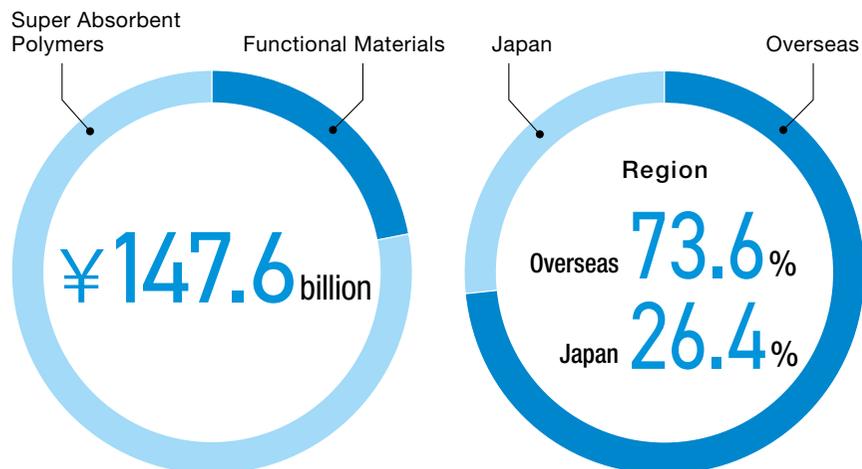
- Started manufacturing and selling electronics gases in Taiwan.
- Established sales offices in the US and Belgium (Closed US office later).
- Expanded super absorbent polymers manufacturing facilities at Himeji Works twice.
- Acquired super absorbent polymers business in France.
- Started manufacturing and selling electronics gases in Korea.



*Figures for 1993 are unconsolidated, those for 1994 onward are consolidated.

Highlights of Fiscal 2024

Net Sales



ROE

6.3%

ROIC

7.0%

Dividend Payout Ratio



44.4%

Number of Employees



1,413

Male Employees' Uptake of Childcare Leave



71.9%

Operating Profit



¥10.7 billion

Ratio of R&D Expenditures to Net Sales



1.8%

Capital Expenditures



¥20.3 billion

Reduction Rate of Greenhouse Gas Emissions (Scope 1,2)



14% (Compared to FY2022)

Reduction Rate of Waste Generation



20% (Compared to FY2023)

Material Issues in Management (Materiality) and the Foundations Supporting Business Continuity

In recent years, the wide variety of issues that threaten the sustainability of the natural environment and all of society are becoming ever-more severe. We recognize that making an even greater contribution to the resolution of the problems identified in the SDGs is a pressing duty, and so in fiscal 2022 we established our material (priority) issues.

The six identified materiality items highlight critical areas concerning people's lives, the respect for human rights, and the preservation of the global environment.

In addition, as a “foundation to support business continuity,” we have defined five basic elements of corporate activities that are indispensable in addressing the material issues and must be constantly enhanced.

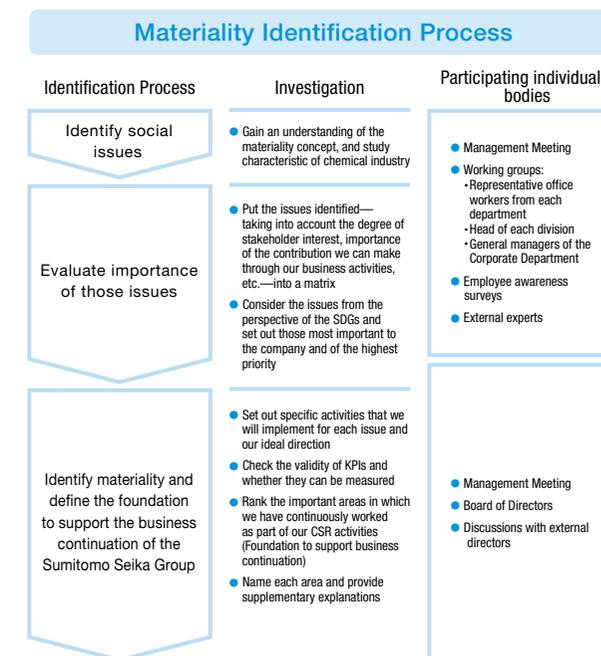
The material issues were determined following a process that involved the identification of societal

issues and then evaluations of these to judge their respective importance. Then, looking at these issues through the lens of the SDGs, discussions were held with opinions voiced from those inside and outside the Group about which key issues we should tackle.

For each of the six material issues, we have set key performance indicators (KPIs) so that we can quantitatively measure the progress we are making toward resolution and using these we have put in place quantitative targets for us to achieve by fiscal 2025 and 2030.

Since we established these material issues and KPIs in fiscal 2022, our Sustainability Committee has each year deliberated on initiatives for the following fiscal year and beyond, considering progress updates, and reports its findings to the Board of Directors.

We will also review both material issues and KPIs to follow changes in society.



Materiality						
						
Ensure Access to Sanitation, Healthy Lives & Better Quality of Life	Ensure Access to Affordable, Reliable & Sustainable Energy	Build Resilient Infrastructure & Foster Technology Innovation	Ensure Sustainable Consumption & Production Patterns	Promote Gender Equality	Achieve Carbon Neutrality	
Policy						
We contribute to enhanced sanitation, health, and quality of life by providing superabsorbent polymers (materials for disposable diapers and other hygiene products) and water-soluble polymers (materials for consumer and medical applications).	We contribute to energy conservation by providing electronics-related gases and energy-related products.	<ul style="list-style-type: none"> Launch of New Products Strengthening of R&D Capabilities Productivity Improvement through Utilization of Digital Technologies, etc. Enhancement of Production Technologies Contribution to a Circular Society 	Promotion of Safer and More Reliable Products	Promotion of Women's Participation and Advancement	<ul style="list-style-type: none"> Reduction of Greenhouse Gas (GHG) Emissions from the Sumitomo Seika Group Collaboration with Stakeholders Across the Value Chain Contribution to Achievement through Our Technologies 	
Foundations Supporting Business Continuity						
Legal & Ethical Compliance	Respect for Human Rights	Environmental Protection	Occupational Safety & Health Disaster Prevention	Employee's Health & Job Satisfaction		

Progress on KPIs and Future Initiatives Related to Material Issues in Management (Materiality)

*The figures for the fiscal 2025 earnings forecast presented in this article are based on the information disclosed on May 12. Please refer to our website for the latest earnings forecast.

Materiality	KPI	Achievements and Targets					Initiatives for Fiscal 2025										
Ensure Access to Sanitation, Healthy Lives & Better Quality of Life	Net sales of QOL-related products	<table border="1"> <tr> <td>FY2022</td> <td>FY2023</td> <td>FY2024</td> <td>FY2025 (Forecast)</td> <td>FY2030</td> </tr> <tr> <td>112.9</td> <td>112.8</td> <td>117.3</td> <td>116.3</td> <td>140.0</td> </tr> </table>					FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030	112.9	112.8	117.3	116.3	140.0	<ul style="list-style-type: none"> ● Introduce new grades of products to match regional characteristics in Asian markets ● Strengthen marketing and technical services in emerging markets ● Expand our plant in Singapore (Scheduled for completion in FY2025)
	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030												
112.9	112.8	117.3	116.3	140.0													
Production growth of super absorbent polymers (ratio to the sales in FY2022)	<table border="1"> <tr> <td>FY2023</td> <td>FY2024</td> <td>FY2025 (Forecast)</td> <td>FY2030</td> </tr> <tr> <td>1%</td> <td>6%</td> <td>11%</td> <td>30%</td> </tr> </table>				FY2023	FY2024	FY2025 (Forecast)	FY2030	1%	6%	11%	30%					
FY2023	FY2024	FY2025 (Forecast)	FY2030														
1%	6%	11%	30%														
Ensure Access to Affordable, Reliable & Sustainable Energy	Net sales of energy-saving related products	<table border="1"> <tr> <td>FY2022</td> <td>FY2023</td> <td>FY2024</td> <td>FY2025 (Forecast)</td> <td>FY2030</td> </tr> <tr> <td>8.8</td> <td>8.1</td> <td>8.6</td> <td>9.0</td> <td>30.0</td> </tr> </table>					FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030	8.8	8.1	8.6	9.0	30.0	<ul style="list-style-type: none"> ● Supply of electronics-related gases in line with market demand trends
FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030													
8.8	8.1	8.6	9.0	30.0													
Build Resilient Infrastructure & Foster Technology Innovation	R&D expenses (ratio to net sales)	<table border="1"> <tr> <td>FY2022</td> <td>FY2023</td> <td>FY2024</td> <td>FY2025 (Forecast)</td> <td>FY2030</td> </tr> <tr> <td>1.9%</td> <td>1.8%</td> <td>1.8%</td> <td>2.1%</td> <td>2.0-2.5%</td> </tr> </table>					FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030	1.9%	1.8%	1.8%	2.1%	2.0-2.5%	<ul style="list-style-type: none"> ● Develop new products and technologies <ul style="list-style-type: none"> • Super Absorbent Polymer: Highly functional SAP for sanitary materials, SAP recycling technologies • Additives for rechargeable lithium-ion batteries • High-performance insulation coating materials
	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030												
1.9%	1.8%	1.8%	2.1%	2.0-2.5%													
Net sales of new products	<table border="1"> <tr> <td>FY2022</td> <td>FY2023</td> <td>FY2024</td> <td>FY2025 (Forecast)</td> <td>FY2030</td> </tr> <tr> <td>8.7</td> <td>9.0</td> <td>9.6</td> <td>15.9</td> <td>40.0</td> </tr> </table>					FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030	8.7	9.0	9.6	15.9	40.0		
FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030													
8.7	9.0	9.6	15.9	40.0													

Materiality	KPI	Achievements and Targets					Initiatives for Fiscal 2025																		
Ensure Sustainable Consumption & Production Patterns	Investment in making products that offer greater safety and peace of mind (investments related to chemical product safety evaluations, applications, registrations, and manufacturing)	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2030	<ul style="list-style-type: none"> ●Comply thoroughly with each country's laws and regulations pertaining to chemicals ●Evaluate and mitigate chemical substance risks, including for those contained in products ●Develop safer, more secure products in response to chemical substance management trends 																		
		0.15	0.21	0.12	0.13	0.40																			
		Amount (billion yen)																							
Promote Gender Equality	Proportion of female managers (non-consolidated)	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Consolidated (%)</th> <th>Non-consolidated (%)</th> </tr> </thead> <tbody> <tr> <td>FY2022</td> <td>6.4</td> <td>3.2</td> </tr> <tr> <td>FY2023</td> <td>7.9</td> <td>4.9</td> </tr> <tr> <td>FY2024</td> <td>8.0</td> <td>5.4</td> </tr> <tr> <td>FY2025 (Forecast)</td> <td>12.0</td> <td>10.0</td> </tr> <tr> <td>FY2030</td> <td>17.0</td> <td>15.0</td> </tr> </tbody> </table>					Fiscal Year	Consolidated (%)	Non-consolidated (%)	FY2022	6.4	3.2	FY2023	7.9	4.9	FY2024	8.0	5.4	FY2025 (Forecast)	12.0	10.0	FY2030	17.0	15.0	<ul style="list-style-type: none"> ●Continued promotion of internal appointments and mid-career recruitment of female managers ●Participation in the Women's Leadership Development College (hosted by the Osaka Chamber of Commerce and Industry)
	Fiscal Year	Consolidated (%)	Non-consolidated (%)																						
FY2022	6.4	3.2																							
FY2023	7.9	4.9																							
FY2024	8.0	5.4																							
FY2025 (Forecast)	12.0	10.0																							
FY2030	17.0	15.0																							
Uptake by Male Employees of Childcare Leave (Non-consolidated)	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Uptake (%)</th> </tr> </thead> <tbody> <tr> <td>FY2022</td> <td>44</td> </tr> <tr> <td>FY2023</td> <td>45</td> </tr> <tr> <td>FY2024</td> <td>71</td> </tr> <tr> <td>FY2025 (Forecast)</td> <td>85</td> </tr> <tr> <td>FY2030</td> <td>100</td> </tr> </tbody> </table>					Fiscal Year	Uptake (%)	FY2022	44	FY2023	45	FY2024	71	FY2025 (Forecast)	85	FY2030	100	<ul style="list-style-type: none"> ●Continued interviews between eligible employees and their supervisors ●Improvement of workplace environment to promote childcare leave ●Fostering a workplace culture that enhances the effectiveness of childcare support programs 							
Fiscal Year	Uptake (%)																								
FY2022	44																								
FY2023	45																								
FY2024	71																								
FY2025 (Forecast)	85																								
FY2030	100																								
Achieve Carbon Neutrality	GHG reduction rate (Scope 1,2) (compare to FY2022)	FY2023	FY2024	FY2025 (Forecast)	FY2030	<ul style="list-style-type: none"> ●Improve energy efficiency and streamline processes ●Introduce renewable energy at sites outside Japan ●Investigation of the switch to low-carbon fuels (heating) ●Reduce GHG emissions for raw materials via supplier engagement 																			
		11.9%	14.1%	14.9%	42.0%																				

Progress of Medium-Term Business Plan

Performance Targets

*The figures for the fiscal 2025 earnings forecast presented in this article are based on the information disclosed on May 12. Please refer to our website for the latest earnings forecast

>>> P.17 Financial Capital

	FY2023	FY2024	FY2025 (Forecast)	FY2025 (Target)
Net Sales (billions of yen)	143.0	147.6	145.0	160.0
Operating Profit (billions of yen)	9.5	10.7	9.0	12.0
ROE (%)	6.8	6.3	6.9	8.5
ROIC (%)	6.6	7.0	5.7	8.0

Priority Initiatives

Build Resilient Business Structure

Construction of a new super absorbent polymers (SAP) production facility to meet growing demand, particularly in China and other Asian countries

The new manufacturing facility currently under construction in Singapore is scheduled for completion by the end of fiscal 2025. Upon completion, this facility will add 70,000 metric tons to the annual production capacity of our Singapore site, bringing the total to 140,000 metric tons and the Group's overall capacity to 520,000 metric tons. This expansion will enable us to respond more flexibly to future demand growth in China and other Asian markets. >>> P.28 Business Strategies

Strengthen resilience in the Functional Materials Segment

We are streamlining our business portfolio by withdrawing from unprofitable products and through other means. We have decided to withdraw from the businesses of powdered resins, certain pharmaceutical-related products, functional materials, and gas products to restructure operations and improve profitability. Meanwhile, we will consider investing in additional electronics gas production capacity as needed, while closely monitoring market trends. >>> P.30 Business Strategies

Reap Fruits of Research & Development

Introducing new SAP products currently under development

New SAP products with improved water retention performance have developed, and full-scale marketing was started in fiscal 2024. Even higher-performance SAP grades are also under development and are scheduled for market launch in fiscal 2026. Meanwhile, we launched the new grade of SAP for water blocking tape used in power and optical cable in fiscal 2024.

Accelerating R&D activities in the energy field

We began sales of electrolyte additives for lithium-ion secondary batteries in fiscal 2024. Moving forward, we aim to meet broader customer needs by reducing manufacturing costs and developing new grades to further expand market penetration. We are also developing insulation coating materials with exceptional resistance to partial discharge in small- and medium-sized power generators and motor windings. Prototype evaluations are currently underway with prospective customers, while we continue establishing industrial manufacturing methods.

Contributing to carbon neutrality through the development of SAP recycling and separation and recovery technologies for low-concentration CO₂

We are advancing the development of technologies that enable horizontal chemical recycling of SAP separated from used disposable diapers. A pilot plant to demonstrate their industrial manufacturing process is scheduled

to begin operation in fiscal 2026. We also work on a low-concentration CO₂ separation and recovery technology using PSA (Pressure Swing Adsorption) methods. >>> P.31 Research and Development

Promote Thorough Streamlining

Continuing streamlining initiatives for SAP and incorporating streamlined processes into new facilities

Through the streamlining of the Super Absorbent Polymers Segment, we achieved cost savings of approximately 0.7 billion yen and 0.9 billion yen in fiscal 2023 and fiscal 2024, respectively. Over the three years leading up to fiscal 2025, total savings are expected to reach approximately 2.1 billion yen. The new manufacturing facilities under construction in Singapore will incorporate production processes reflecting these streamlining initiatives. >>> P.28 Business Strategies

Promoting thorough streamlining of the Functional Materials Segment

For the Functional Materials Segment, we continue to reduce manufacturing costs while reorganizing our sales structure.

Improving business processes through a renewed ERP system

Following the ERP system implemented in fiscal 2023, we began developing peripheral systems tailored to each business segment in fiscal 2024 as part of our efforts to improve business processes.

Enhancing productivity through innovation in production activities that leverages digital technologies

We plan to introduce a program that automatically calculates optimal raw material supply timing to stabilize product quality and are enhancing productivity by promoting automated and labor-saving production processes using RPA (Robotic Process Automation).

Boost Sustainability Initiatives

Advancing six material issues, including the realization of carbon neutrality (progress managed through KPIs)

>>> P.11 Priority Management Issues and Foundation to Support Business Continuity

Launching initiatives in collaboration with stakeholders across the supply chain

We are pursuing initiatives to calculate and reduce Scope 3 GHG emissions. In recognition of these efforts, we were named a "Supplier Engagement Leader" by CDP for the first time. >>> P.34 Sustainability Management

Establishing robust internal systems for promoting sustainability and providing employee education on company policies and emerging challenges

To promote respect for human rights in business, we joined the UN Global Compact in fiscal 2023 and reaffirmed our commitment to the initiative this year. To implement human rights due diligence, we conducted an employee survey to analyze and identify trends within the Group. >>> P.34 Sustainability Management >>> P.36 Human Rights Initiatives

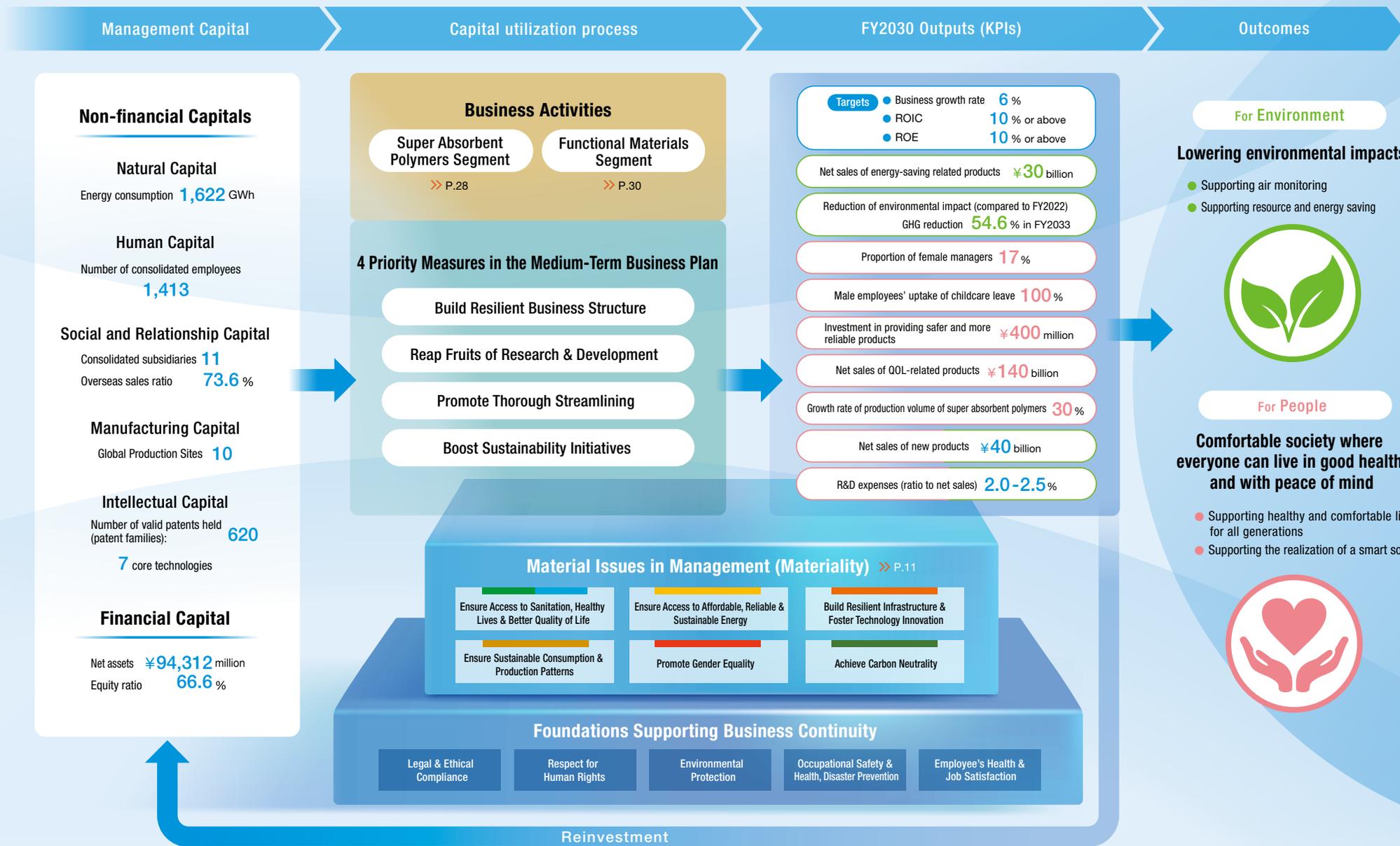
Developing human resources through active investment in human capital, including support for reskilling and self-directed learning

In addition to supporting each employee's skill development by reviewing individual development plans and offering open training programs, we have introduced a mandatory retirement age extension program to foster a supportive working environment. We are also strengthening human resource development by revising our personnel systems and planning leadership training programs for future executive candidates. >>> P.40 Promotion of Human Capital Management



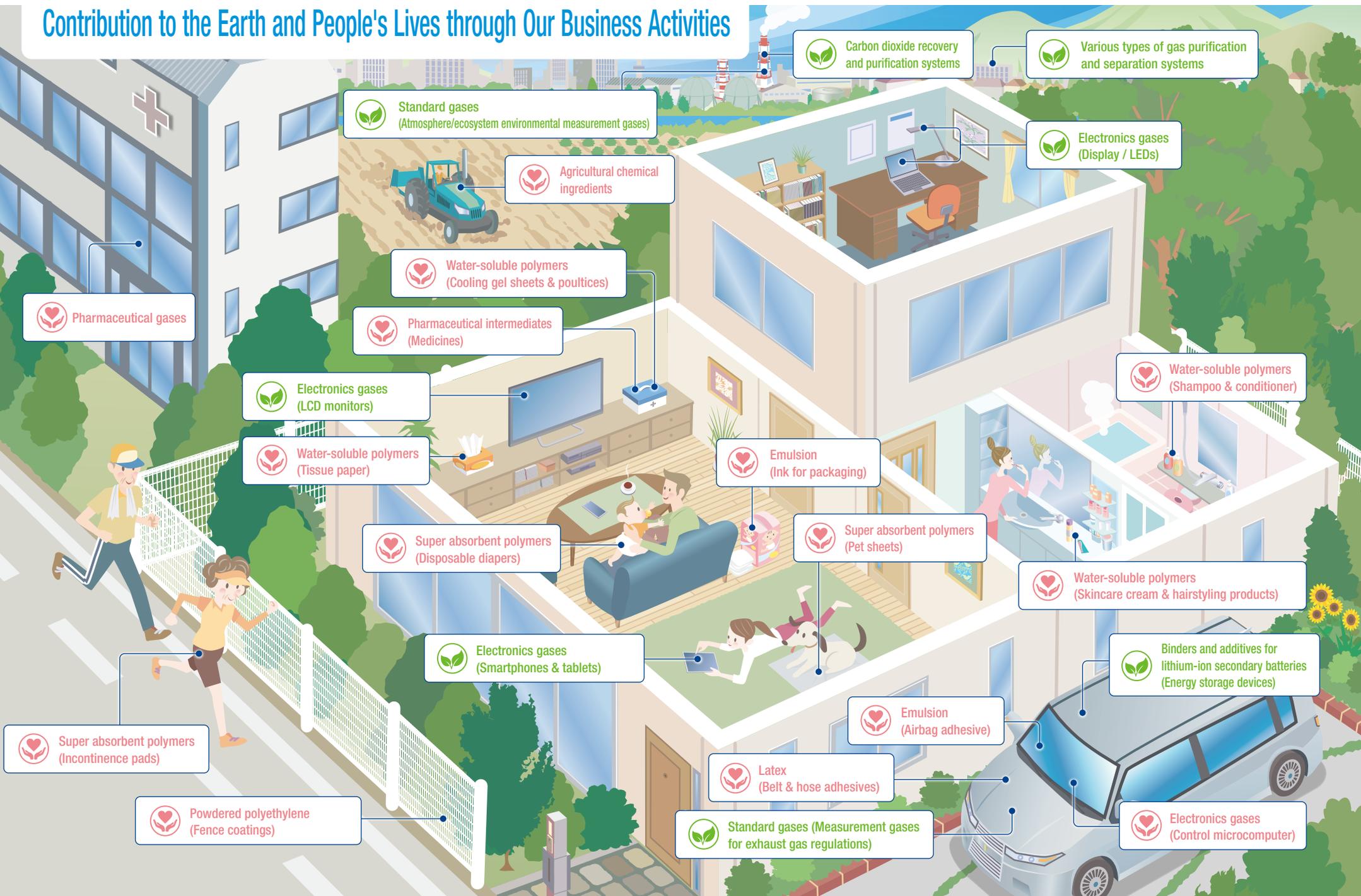
We will solve issues facing the earth and people's lives through Sumitomo Seika's "Chemistry"

Value Creation Process





Contribution to the Earth and People's Lives through Our Business Activities



Financial Capital

While maintaining a sound financial base, we will flexibly allocate capital to R&D and capital investments that support business growth, as well as to sustainability initiatives such as environmental and safety measures, thereby driving the enhancement of our corporate value.



Representative Director
Managing Executive Officer
General Manager of Corporate
Planning and Accounting Office

MACHIDA
Kenichiro

Financial Challenges Facing the Group

I believe that the Sumitomo Seika Group faces two key financial challenges. First, we need to make proactive and efficient use of our financial capital to accelerate initiatives to grow our business and build resilience. Second, we need to enhance our recognition in the stock market by advancing management conscious of cost of capital and stock price through better disclosure to our stakeholders, the further enhancement of shareholder returns, and other initiatives.

Fast Tracking Business Growth and Resilience

Progress toward the Medium-Term Business Plan

In an effort to “Build a Resilient Business Structure,” one of the four Priority Initiatives in the ongoing three-year Medium-Term Business Plan (FY2023–FY2025), the Group has set aside funds for investment to boost sales and ramp up capacity in potential growth areas, such as super absorbent polymers (SAP), electronics gases, and battery materials. In fiscal 2025, the last year of the Medium-Term Business Plan, the Super Absorbent Polymers Segment has been posting strong sales, supported by the growing exports of SAP sheet-type diapers, in which our products are abundantly used, from China to other markets in Asia and other areas. This trend leads us to believe that this segment is on track to meet its performance targets. At the same time, other key strategic projects are progressing largely as planned: construction of new manufacturing facilities in Singapore is scheduled for completion by the end of fiscal 2025, while the pilot plant has become operational, which we expect will help accelerate the development and launch of new high-value-added grades of SAP.

The Functional Materials Segment, on the other hand, has experienced a major setback in sales of electronics gases, which we expected to show high growth, due to extended production adjustments in the semiconductor industry. As a result, several capacity ramp-up investment projects laid out in the current Medium-Term Business Plan have been canceled or postponed. With many other products undershooting their sales plans, this business segment is making a smaller contribution to the Group’s performance.

Net Sales and Operating Profit

(billions of yen)

	FY2023	FY2024	FY2025 (Forecast)	FY2025 (Target)
Net Sales	143.0	147.6	145.0	160.0
Super Absorbent Polymers	106.4	115.5	113.9	120.0
Functional Materials	36.2	31.8	30.8	40.0
Operating Profit	9.5	10.7	9.0	12.0
Super Absorbent Polymers	6.6	8.1	7.6	7.5
Functional Materials	2.9	2.6	1.4	4.5

*The figures for the fiscal 2025 earnings forecast presented in this article are based on the information disclosed on May 12. Please refer to our website for the latest earnings forecast

Major Capital Investment Projects in Medium-Term Business Plan (FY2023–25)

- Facilities enhancement of SAP in Singapore: 24 billion yen (0.16 billion USD)
- New pilot plant for SAP: 0.7 billion yen
- Renovation of core business systems: 3.4 billion yen
- Construction of new R&D center: 3.5 billion yen

Future Allocation of Management Resources

In a bid to shore up the Functional Materials Segment, we have begun withdrawing from less-profitable product lines while identifying profitable products with growth potential, thereby increasing our focus on acquiring new customers and strengthening our supply system. For businesses that have a potential of growth in the future, such as battery materials, we are allocating our management resources on a priority basis to develop new products, some of which have already received positive feedback from prospective customers for scheduled launches in a few years. We have also begun to see signs of recovery in demand for electronics gases, which are currently performing below the original plan. That said, we still need a certain period of time before we can carry out the structural transformation of the Functional Materials Segment and see a full-scale turnaround of its performance. This being the case, we intend to accelerate the ongoing initiatives for the Super Absorbent Polymers Segment, including expanding sales in China and other markets in Asia, launching new high-value-added grades of SAP, and continuing to promote thorough streamlining, so that we can achieve further profit growth and thereby underpin the overall performance of the Group. In the meantime, we will also put a greater focus on enhancing the resilience of the Super Absorbent Polymers Segment when allocating our management resources.

Initiatives for Management Conscious of Cost of Capital and Stock Prices

Challenges and Current Status for Improving P/B Ratio

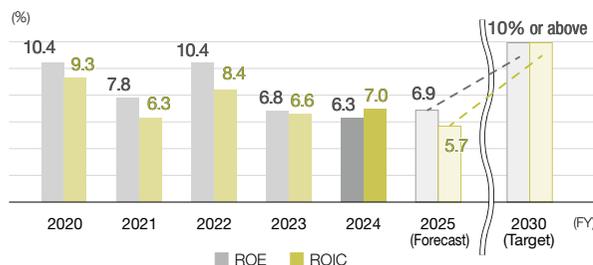
In November 2023, the Group announced that it will pursue three goals as its actions to achieve management conscious of cost of capital and stock prices. They are:

1. Achievement of FY2025 performance targets laid out in the Medium-Term Business Plan
2. Achievement of medium- to long-term targets for fiscal 2030 (business growth: 6% or above, ROE: 10% or above, ROIC: 10% or above) ahead of schedule by making proactive growth investment
3. Strengthening of communication with stakeholders and further enhancement of shareholder returns

Unfortunately, as mentioned before, we find it difficult to achieve the profit targets of the Medium-Term Business Plan due to the sluggish performance of the Functional Materials Segment. To deal with the issue, we are currently advancing the structural reform of this division. Meanwhile, I believe that we must achieve the second and third targets to increase the Group's corporate value. With this determination, we will review each measure and continue working to achieve these targets.

Our P/B ratio has remained between 0.6 and 0.7, which has not improved since 2023, the year when we announced the above targets and plans. Seriously taking the fact that we have not met the expectations of the stock market due to unmet performance targets and other factors, we will focus on taking countermeasures.

ROE and ROIC Trend



P/B Ratio

	FY2020	FY2021	FY2022	FY2023	FY2024
P/B ratio	0.8	0.5	0.7	0.7	0.7

Initiatives for the Medium- to Long-Term Targets for Fiscal 2030

Among the medium- to long-term targets for fiscal 2030, ROIC is a key performance indicator for assessing progress in management conscious of cost of capital. In fiscal 2024, the Group's ROIC stood at 7.0%. By segment, it was approximately 10% for the Super Absorbent Polymers Segment, and approximately 7% for the Functional Materials Segment. (The overall percentage is lower than the segment-specific figures because it also reflects assets not classified under any business segments.) Assuming a cost of equity of around 7%, the Group's weighted average cost of capital (WACC) is in the mid-6 percent range. To create value that exceeds the cost of capital, we need to work on initiatives to outperform our ROIC target of 10%, one of our medium to long-term targets.

For the Super Absorbent Polymers Segment, although we anticipate a temporary decline in ROIC due to the expansion of facilities for business growth, we will maintain the current level of ROIC over the medium term. This will be done by developing new high-value-added grades of SAP and utilizing digital technology to streamline manufacturing processes, thereby maximizing incremental profits from business expansion.

As for the Functional Materials Segment, new products with high growth potentials are expected to be launched in the foreseeable future while numerous small-scale products that continue to generate stable, high profits are maintained. Taking these into account, I believe that the Segment should achieve an ROIC in excess of 10% within a few years if we can accomplish the structural reform which we are currently addressing.

ROIC by Segment

	FY2024	FY2030 (Target)
Super Absorbent Polymers	10%	10%
Functional Materials	7%	15%

Growth Investment

To invest in the growth needed to achieve our medium- to long-term targets, our priority is to steadily strengthen our production foundation, including expanding the SAP production system. Assuming that demand for SAP continues on a stable growth trajectory, we believe that we will need to decide on the next capacity ramp-up plan within several years, following the completion of new manufacturing facilities in Singapore scheduled in fiscal 2025. Currently, we are preparing for this project by gathering a wide range of information on multiple candidate sites, including access to markets and customers, stable procurement of acrylic acid, that is a key raw material, availability of utilities and infrastructure, and high-quality workforce, as well as relevant laws and regulations. Due to the increase in material and construction costs in recent years, we must expect to pay significantly more for the construction of such facilities compared with similar investment projects in the past. Once we have a shortlist of candidate sites, we will examine a specific investment plan by taking a close look at the investment climate, tax systems, and other factors in each region. With regard to streamlining the production process and developing new high-value-added grades for the Super Absorbent Polymers Segment, as well as investing in structural reform and new product development for the Functional Materials Segment, we will make swift decisions, placing top priority on avoiding any missed opportunities. We will also make targeted investments for initiatives that underpin the sustainable growth of our business, including ongoing efforts for safe and stable plant operation and global environmental protection such as reduction of GHG emissions; human capital measures such as HR development and provision of an agreeable work environment; utilization of digital technologies; and reinforcement of information security.

Projects under Consideration for Growth Investment

Super Absorbent Polymers	Strengthening production base (incl. capacity expansion) Further streamlining of production processes Developing new high value-added grades
Functional Materials	Structural reforms (production reorganization) Developing and industrializing new products
Overall	Ensuring safe and stable operations Reducing GHG emissions Advancing human capital management Strengthening IT infrastructure

Funding Policy

Since the end of fiscal 2019, the Group's cash and deposit balance had exceeded its borrowings. In fiscal 2024, as construction of the new SAP manufacturing facilities progressed, borrowing began to increase, resulting in borrowings surpassing cash and deposits by year-end. Our policy is aimed at continuously implementing proactive growth investments going forward, and funding requirements are expected to remain at a high level. Therefore, raising funds externally at a reasonable cost and in a timely manner will be more important than ever. Specifically, we borrow from financial institutions, taking comprehensive account of the scale of our business operations the associated financing costs and other factors. I believe that we are well positioned to raise funds smoothly, including meeting capital needs at overseas business sites, by maintaining close communication with financial institutions in Japan, one of our key stakeholder groups.

Financial Condition

	FY2022	FY2023	FY2024	FY2025 (Forecast)
Borrowing (billions of yen)	12.2	11.2	18.3	24.4
Capital Ratio (%)	68.4	69.7	66.6	66.0
D/E Ratio	0.1	0.1	0.2	0.2

Shareholder Returns

	FY2022	FY2023	FY2024	FY2025 (Forecast)
Annual Dividend (yen/share)	200	200	200	200
Amount of Share Repurchases (billions of yen)	—	1	1	*
Dividend Ratio (%)	31.4	43.6	44.4	39.0
Total Payout Ratio (%)	31.4	59.7	61.0	*

*Three-year (FY2023-25) average of total payout ratio: 50% or more

Enhancement of Shareholder Returns

In fiscal 2023, we announced that we would increase the total payout ratio to 50% or above for the three-year period of the Medium-Term Business Plan through fiscal 2025. For the two years up to fiscal 2024, the total payout ratio was approximately 60%. However, as net income remains sluggish, returns to shareholders have yet to increase, failing to meet market expectations. By accelerating initiatives to achieve business growth and build a resilient business structure, as mentioned earlier, we aim to realize sustained profit growth, which in turn will bolster shareholder returns.

Communication with Stakeholders

To help our stakeholders gain a deeper understanding of the Group through regular dialogue with investors, we recognize the increasing importance of disclosing information relevant to the following topics with greater care.

Super Absorbent Polymers Segment

- Differences in absorbent performance required for various types and applications of disposable diapers and other products, and our distinctive advantages
- Sources of the Group's strengths in the Chinese market
- Prospects for medium-term sales increase in Asia and other growing markets, and the timing of the next phase of facility expansions

Functional Materials Segment

- Progress in and outlook for business structure reform
- Technological features of new products under development, and the expected timing and scale of their earnings contributions

Overall

- Factoring risk elements into announced performance forecasts
- Improving visibility into the level of shareholder returns over the medium-term

Regarding the above issues, we are committed to addressing questions from investors as fully as possible, disclosing information promptly once decisions are made

on growth investment projects or at milestones of business structure reform, and including such information in this integrated report and other regular publications. Through these efforts, we aim to strengthen stakeholder trust.

Governance

At monthly meetings of the Board of Directors, numerical performance forecasts for the quarter are reported, questions on changes in the operating environment and our responses are addressed, and the feasibility of major capital expenditure and funding projects, as well as details of shareholder returns, are deliberated. The agenda also includes analysis of progress in the Medium-Term Business Plan, how we address emerging challenges, and our responses to comments and suggestions from investors. We aim to ensure effective and efficient utilization of our financial capital by reflecting multifaceted recommendations and insights gained through these discussions in the Board of Directors meetings in concrete initiatives to address the financial challenges facing our Group.

IR Activities

	FY2022	FY2023	FY2024
Investors Meetings (participants)	75	67	43
Small Meetings (participants)	15	24	15
Individual Meetings (times held)	40	54	28

Human Capital

We position the knowledge, skills, experience, and other capabilities that our employees possess as “human capital.” By bringing out their full merit, we aim to enhance corporate value over the medium- and long-term.



Executive Officer
General Manager of General
Affairs and Personnel
Office

**YAMAMOTO
Takashi**

Viewing its staff members as a valued asset, the Sumitomo Seika Group is committed to investing in this irreplaceable resource through a multifaceted and continuous approach.

In fiscal 2023, to address the challenges identified in the Medium-Term Business Plan, the Group articulated the ideal organization it should aim for and designated key investment areas in the form of “Human Resources Strategy”.

Human Resources Strategy

A wide variety of people with highly specialized expertise work together under strong leadership to take on challenges to solve problems we face—To become a professional group like this, we will proactively invest in the following activities:

1. Recruit and develop human resources with highly specialized expertise
2. Select and develop leaders
3. Promote DE&I
4. Provide a positive work environment

Recruit and Develop Human Resources with Highly Specialized Expertise

In our pursuit of becoming a professional group competing on a global stage, we remain proactive in mid-career recruitment. In fiscal 2024, the ratio of mid-career hires was 41.7%. By job category, manufacturing personnel at production sites represented the largest share, while the number of accounting and IT specialists increased compared with previous years. To accelerate the development and launch of new businesses and products, we are focusing on hiring people with experience in marketing and research and development in the fields of energy and electronic materials.

Ratio of Mid-Career Hires



Whether new recruits or mid-career hires, we support all new members of the Group in developing their expertise and acquiring the knowledge, skills, and other capabilities they need. We provide a wide range of training and education programs aligned with our human resource development system. One program of particular note is our MOT (Management of Technology) training. Using our original curriculum, the participants learn how to strategically use the Group’s management resources and move on from R&D stage to commercialization. Since its launch in fiscal 2010, eleven sessions have been held with a total of 268 participants.

MOT (Training curriculum)

Day	Contents
Day-1	<ul style="list-style-type: none"> •Orientation •Fundamentals of innovation •Current business environment
Day-2	<ul style="list-style-type: none"> • Environmental analysis techniques • Finance fundamentals • Product portfolio / Product life cycle
Day-3	Scenario planning: lessons from diversification strategy cases
Day-4	<ul style="list-style-type: none"> •Approaches to R&D management •Blue Ocean / Red Ocean
Day-5	<ul style="list-style-type: none"> • Overview of Intellectual Property Strategies • Learning the Voice of the Customer (VOC)
Day-6	<ul style="list-style-type: none"> • Production planning / Management approaches • Inventory control / Supply chain management • Case studies
Day-7	Presentations

Select and Develop Leaders

As part of our initiatives to develop future leaders, we encourage employees to participate in external management training programs. Through discussions with business professionals from many different sectors and fields, these programs provide opportunities for participants to gain high levels of knowledge and build broad professional networks.

Beginning in fiscal 2025, we select future management candidates from the pre-general manager level and encourage them to join in small-group training programs. Through discussions with management, acquisition of practical business skills, and action learning, participants develop the foundations and competencies required of business leaders.

We are also developing a new program, scheduled for launch in fiscal 2026, to support mid-level and younger employees in succeeding in global assignments.

Promote DE&I

In fiscal 2024, Sumitomo Seika appointed its first female General Manager and it also recorded an increase in the number of female employees serving as Section Managers and in other managerial positions. As a result, the percentage of female managers rose from 4.9% in fiscal 2023 to 5.4% in fiscal 2024. However, compared with the fiscal 2030 target of 15%, the figure remains low.

Examining domestic hires, women accounted for 28.6% of new recruits, and 17.9% of all employees in fiscal 2024. These figures continue to rise each year.

We conducted our first talk session with female employees (>>>P.43 Talk session). We will continue creating opportunities for female employees to share their views and ideas directly with the human resources department at each site, ensuring their input is reflected in various personnel measures.

As of March 31, 2025, the percentage of foreign nationals among our employees in Japan is still low at 1.1%. However, in overseas subsidiaries of the Group, many locally hired employees are playing an active role, including those promoted to the president and other key positions. We also

have female directors at these sites.

People with disabilities accounted for 2.54% of all employees in fiscal 2024, as a result of our initiatives. We keep improving the workplace environment and systems to support those with disabilities. To achieve the current target of 3%, we will further promote diversity in our workplaces.

To promote work-life balance (WLB), we established the Work-Life Balance Promotion Committee, which reviews the progress against our own WLB indicators every six months. Based on the results, they identify problems and carry out measures.

Provide a Positive Work Environment

We are working to prepare a variety of work conditions so that our employees from a variety of background can work comfortably and productively.

To address labor shortages caused by Japan's declining birthrate and aging population, and to help stabilize employees' livelihoods, we began extending the mandatory retirement age to 65 in fiscal 2025. This initiative is expected to strengthen human resource development by ensuring a stable workforce and facilitating the transfer of knowledge and skills accumulated by senior employees over many years. To support individual life plans, we have introduced a selective retirement age system that allows employees to choose their retirement age between 60 and 65.

Out of respect for diversity and environmental considerations, and with the goal of advancing workstyle reform and enhancing communication among employees, we have adopted a business-casual dress code and implemented a hot-desking system. We believe these initiatives will help us attract diverse people to join us and improve the retention rate. We remain committed to creating a workplace where staff members can be psychologically comfortable. To this end, we organize seminars and events to raise awareness and further understanding of employees on LGBTQ issues.

In addition, we conduct an annual engagement survey as well as a stress check.

The surveys conducted in fiscal 2024 have shown that both our overall work engagement and employee

engagement have been below the industry average.

Recognizing that each organization faces its own challenges, we will identify and implement solutions through active communication between the human resources department and each individual department and section.

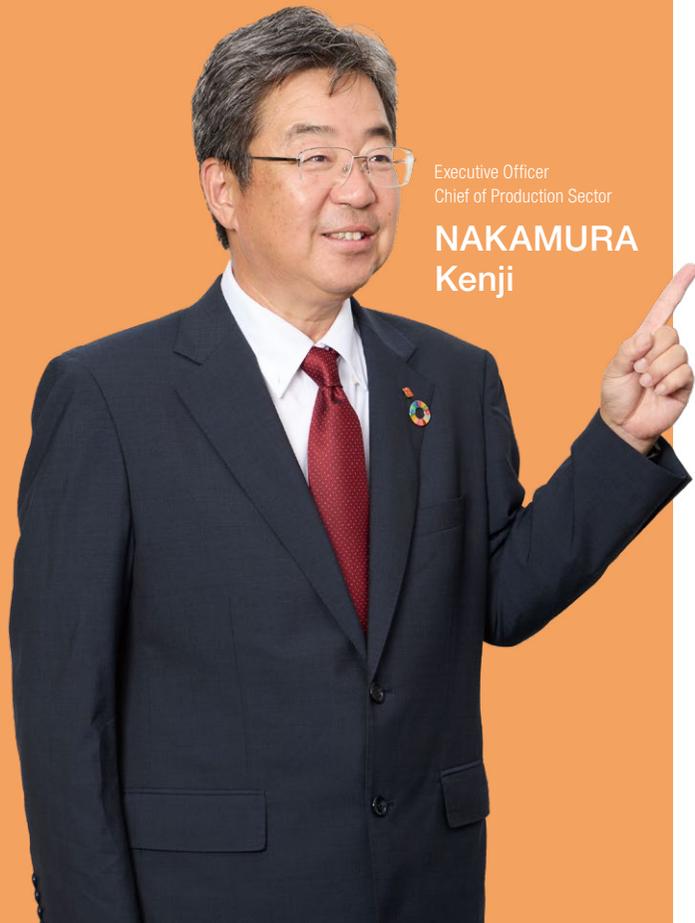


Initiatives to develop a work environment in response to the diversified workstyles (over the last four years)

Year of introduction	Changes in work arrangements and rules (◆ indicates initiatives that go beyond legal requirements.)
2021	<ul style="list-style-type: none"> Introduced an hourly paid leave system (A flexible working hours system had already been implemented in 2006.) Declared the "Business-Casual" Policy
2022	<ul style="list-style-type: none"> ◆ Revised the carry-over leave system (added "fertility treatment" to eligible reasons to use the system) ◆ Amended sick/injured childcare leave and nursing care leave (changed treatment during leave from unpaid to paid) ◆ Amended spouse childbirth leave (extended the maximum duration from two days to three days) ◆ Introduced a work-from-home system ◆ Introduced a recurrent education leave system Introduced parental leave at the time of childbirth system
2023	<ul style="list-style-type: none"> ◆ Established a re-hiring program (revised the return-to-work system) ◆ Introduced "F" leave (combined leave systems for menstrual pain and pregnancy-related hospital visits, with expanded eligibility)
2024	<ul style="list-style-type: none"> ◆ Revised the special leave of absence regulations (added leave to accompany a spouse)

Manufacturing Capital

Through sustainable manufacturing, we contribute to solving issues facing the earth and people's lives.



Executive Officer
Chief of Production Sector

NAKAMURA
Kenji

Our Approaches to Manufacturing Capital

Manufacturing capital—comprising production equipment and technologies—forms the foundation of our production activities and presents essential capital directly linked to value creation. To continuously supply products of stable quality, it is essential to evolve our manufacturing capital through proactive investment.

Manufacturing Sites

The Sumitomo Seika Group has three manufacturing sites in Japan and seven sites outside Japan. To execute production and shipment in line with our business strategies, we are strengthening our production system.

Expansion Work for Super Absorbent Polymers (SAP) Manufacturing Facilities

We are expanding SAP manufacturing facilities at Sumitomo Seika Singapore Pte. Ltd. The new facilities incorporate technologies the Group has developed through years of experience in the SAP production process.

Status of Construction in October 2025



Capital Expenditure

FY2023 : ¥11.5 billion

FY2024 : ¥20.3 billion

FY2025 (planned) : ¥12.5 billion

We maintain safe and stable operations by systematically upgrading and repairing aging facilities, while fostering a workplace environment that allows employees to work comfortably.

At the same time, we continue to optimize processes and introduce energy-efficient technologies.

Production Sites

Sumitomo Seika Chemicals Co., Ltd. (Japan)

1. Befu Works (Harima-cho, Kako-gun, Hyogo Pref.)



ISO 9001
ISO 14001

Main Products: Industrial Chemicals, Organic Chemicals, Standard Gases, Electronics Gases, etc.

2. Himeji Works (Himeji-shi, Hyogo Pref.)



ISO 9001
ISO 14001

Main Products: Super Absorbent Polymers, Water-Soluble Polymers, Emulsions)

3. Chiba Works (Yachiyo-shi, Chiba Pref.)



ISO 9001
ISO 14001

Main Products: Electronics Gases, Standard Gases, Powdered Resins, etc.

Sumitomo Seika Singapore Pte. Ltd. (Singapore)

4. Singapore Works



ISO 9001
ISO 14001

Main Products: Super Absorbent Polymers

Sumisei Chemical Co., Ltd (Korea)

5. Paju Works



ISO 9001
ISO 14001

Main Products: Electronics Gases

6. Chang'an Works



ISO 9001
ISO 14001

Main Products: Electronics Gases

Sumitomo Seika Polymers Korea Co., Ltd (Korea)

7. Yeosu Works



ISO 9001

Main Products: Super Absorbent Polymers

Sumisei Taiwan Technology Co., Ltd. (Taiwan)

8. Changbin Works



ISO 9001
ISO 14001

Main Products: Electronics Gases

Sumisei Technology (Yangzhou) Co., Ltd. (China)

9. Yangzhou Works



ISO 9001
*Acquired in July 2025

Contract Manufacturing Business for Chemicals



Sumitomo Seika Europe S.A./N.V.

10. Arkema S.A. (France)



ISO 9001
ISO 14001

Main Products: Super Absorbent Polymers
*Manufacturing is outsourced to Arkema S.A.

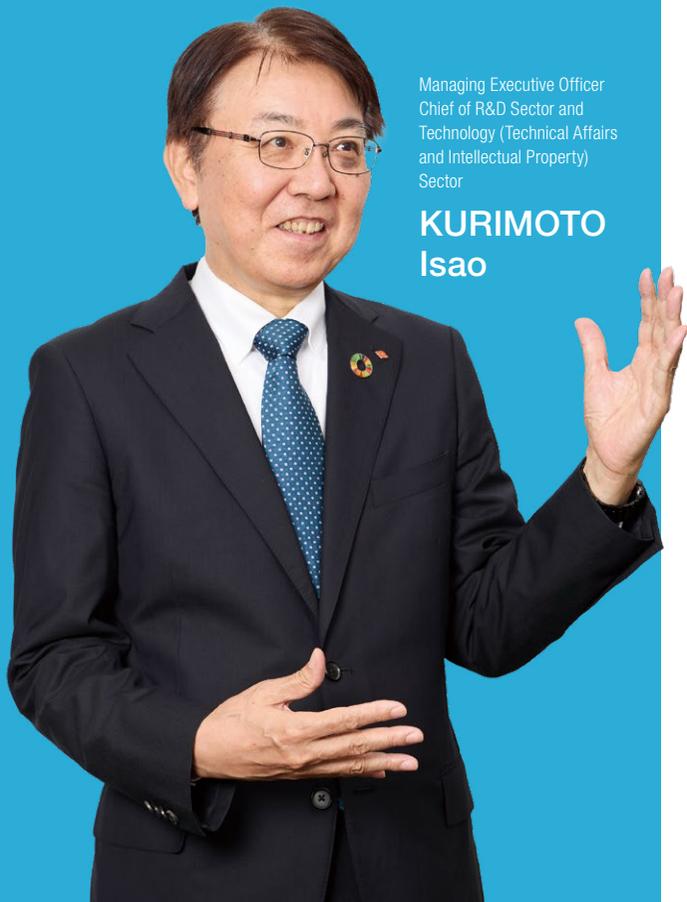


Intellectual Capital

We contribute to the solution of social issues by evolving and expanding Sumitomo Seika's "Chemistry" and intellectual property obtained as a result.

Managing Executive Officer
Chief of R&D Sector and
Technology (Technical Affairs
and Intellectual Property)
Sector

**KURIMOTO
Isao**



Our Approaches to Intellectual Capital

Over the course of our 80 years of its history, the Sumitomo Seika Group has sustained business growth by continuously shifting and expanding its R&D domains to meet the social needs.

Our intellectual capital consists of organizational knowledge accumulated through this process, which we refer to as the Sumitomo Seika's "Chemistry", and the intellectual property generated during the course. The intellectual capital is the base of our sustainable growth and creation of new values, serving as the very source of our competitiveness.

Sumitomo Seika's "Chemistry"

By integrating fundamental technologies in the areas of organic synthesis, polymer synthesis, material characterization, and process/equipment design with other diverse technologies and expertise, we have cultivated seven core technologies distinguished by their strengths and uniqueness. For example, we leverage technologies such as controlled polymerization, emulsification dispersion, and controlled crosslinking to realize manufacturing of super absorbent polymers (SAP) and water-soluble polymers with distinctive performance characteristics.

Sumitomo Seika's "Chemistry" also represents our corporate culture of creating new values through collaboration among different players. We focus on acquiring new core technologies through product development.

➤ P. 4 for details on our fundamental technologies.

Current Status of Our Intellectual Property

As of the end of fiscal 2024, we hold 363 patents in Japan and 860 patents overseas.

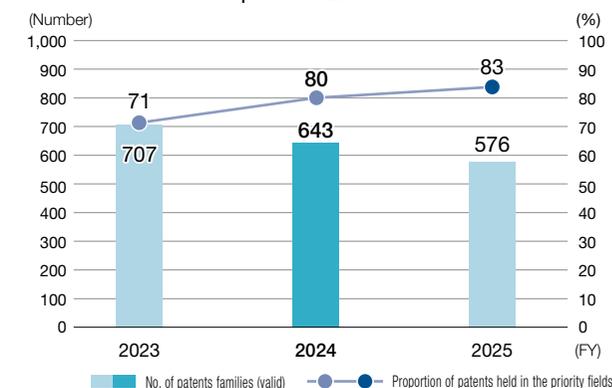
Our fundamental policy is to build a robust intellectual property portfolio (IP portfolio) while anticipating and minimizing potential intellectual property risks. To this end, the Business Sector, the Research and Development Sector, and the Intellectual Property Department work in close collaboration to advance intellectual property activities.

Enhancing Intellectual Property Value

The Company is committed to building a robust IP portfolio by filing and securing patents for products developed through our original technologies. Our approach takes a multifaceted view of the entire value chain, including products, manufacturing methods, raw materials, applications, and downstream products, to ensure that patents are considered from diverse perspectives. Especially we proactively invested in R&D and intellectual property protection in the four priority fields designated in the Medium-Term Business Plan: SAP, the environment, energy, and electronic materials. As a result, our IP portfolio in these areas has been expanded.

At the same time, we recognize that some patents have lost their values or their relevance to our strategies due to the shifts in markets and research priorities. To this end, we conducted a rigorous review to determine rationality of keeping these patents. Although the total number of patents held has declined as a result, we were able to increase the proportion of patents that are relevant to our priority fields. (Figure 1)

[Fig. 1] Change of the proportion of patents relevant to the priority fields and overall portfolio size



In fiscal 2024, we continued patent application and acquirement of patent rights both in Japan and overseas to

further strengthen our IP portfolio in the priority fields (Table below). We will continue our efforts to further enhance the value of our intellectual property by increasing both the proportion of patents relevant to the priority fields and the total number of patents held.

Patents registered for and acquired in fiscal 2024

New registration	Registration filed overseas	Patents acquired in Japan	Patents acquired overseas
52 (92%)	37 (100%)	26 (81%)	150 (89%)

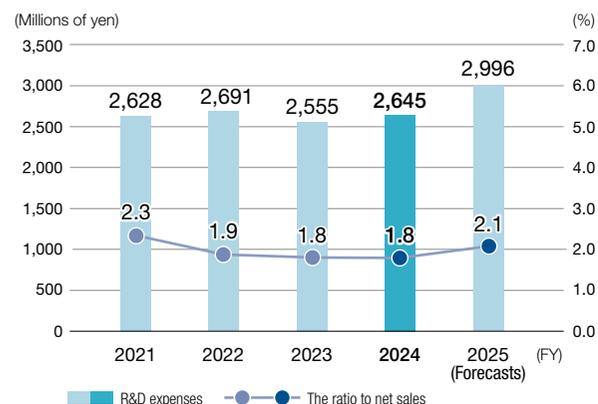
*Figures in parentheses indicate the percentage relevant to the priority fields.

Enhancing Intellectual Capital and Business Outcomes through Investments for R&D

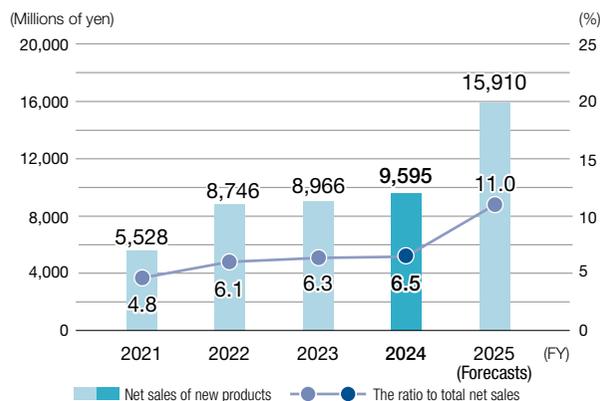
In fiscal 2024, R&D expenses of the Group totaled 2.64 billion yen, representing 1.8% of net sales. Aligned with our business strategies, we are strengthening R&D in the priority fields, which will lead to increased R&D investments (Figure 2).

Net sales of new products, an indicator of the efficiency of R&D investments and intellectual capital, stood at 9.6 billion yen in fiscal 2024, accounting for 6.5% of the total net sales. In fiscal 2025, this proportion is expected to rise to 11%, primarily driven by SAP with new grades. (Fig. 3)

[Fig. 2] R&D expenses and the ratio to net sales



[Fig. 3] Net sales of new products and the ratio to total net sales



Initiatives for Efficient Use of Intellectual Property and Approach to Intellectual Property Landscape

To protect products and technologies developed through Sumitomo Seika's "Chemistry" and to differentiate them from those of our competitors, we secure the necessary intellectual property rights. We will continue using our own intellectual property actively to efficiently use technologies developed by other companies or to form alliances with other organizations.

To cultivate new business domains and develop new products that help address social issues, it is essential to conduct comprehensive analyses of both intellectual property and market information and to clearly visualize market opportunities.

To meet this challenge, we have adopted the intellectual property landscape (IPL) approach. IPL, an approach widely used in recent years, is to "compositely and comprehensively analyze data on intellectual property, as well as non-intellectual-property data, such as information on markets, business, science, and regulations, and apply the findings in strategy planning of management, business, R&D, and intellectual property." Through profound

discussion and close collaboration among the Business Sector, Research and Development Sector, and Intellectual Property Department, we will make use of the approach for future achievement.

Accumulation of experience and development of relevant human resources are essential for efficient implementation of IPL approach. We will systematically work on the training of IPL specialists as it is a critical issue for enhancement of intellectual capital.

For the Expansion of Intellectual Capital

Key challenges for our R&D include sustaining and expanding the business of the Super Absorbent Polymers Segment while creating a new business area that can become another pillar to follow the SAP business. To meet these challenges, we have identified the fields that align with our technologies, address social needs, and offer strong market potential as new business domains. In the super absorbent polymers field, we are reinforcing our competitive edge by ensuring the continuity of existing businesses and managing anticipated risks. In the environment, energy, and electronic materials fields, we have narrowed down priority domains under the guiding principle of creating new businesses that help resolve social issues. Specific R&D activities in these domains have already started. These are set as core themes in medium- to long-term projects that will be preferentially carried out.

➤ P. 31 for details on Research and Development

We remain committed to pursuing R&D through the integrated application of technical, intellectual property, and business strategies. By transforming their outcomes into enhanced intellectual capital, we will ultimately increase our corporate value.

Natural Capital

As a chemical manufacturer, we recognize it as our responsibility to consider the impacts of our business activities on people and the global environment, and to engage in environmental conservation.



Executive Officer
Responsible Care and the
Creation of a Circular Economy

UEMURA
Kazuhisa

Approach to Natural Capital

As a group engaged in the manufacture and sale of chemical products, we use raw materials derived from mineral resources, including petroleum. Our manufacturing processes also consume components from the atmosphere, water, and energy. Furthermore, our business activities generate industrial waste and greenhouse gas (GHG) emissions. To ensure the sustainability of our irreplaceable planet and natural capital, our Group continues to make steady efforts based on the following “Environmental Policy.”

In fiscal 2024, in addition to our ongoing initiatives—such as energy conservation, preservation of air and water quality, waste management, reduction and recycling of emissions, and reduction of GHG emissions—we conducted assessments related to biodiversity preservation.

» P.46 for details on Environmental Initiatives » P.48 for details on Climate Change Initiatives

Environmental Policy

Sumitomo Seika Group has set the Environmental Policy as outlined below, based on its belief that the Group, being engaged in chemical manufacturing, should consider the impacts of its business activities on humans and the global environment and bear social responsibilities for protecting the environment at every stage of a product life from development, manufacturing and distribution through consumption and disposal.

1. We will ensure not only complying with laws and regulations related to environmental protection, but furthering relevant initiatives proactively by setting voluntary higher standards.
2. We will provide products and services that are safe and environmentally friendly.
3. We will reduce greenhouse gas (GHG) emissions to help mitigate global warming.
4. We will strive to promote the sustainable use of resources, including water, and energy.
5. We will endeavor to promote the “3Rs”, i.e. reducing waste that will be discarded, reusing items that can still be used, and recycling items that are recyclable as resources so as to build a sound material-recycle society or a circular economy.
6. We will make every effort to mitigate adverse impacts on biodiversity that might derive from our business activities and at the same time seek to pursue initiatives that will contribute to enhancing a beneficial outcome in terms of preserving biodiversity.
7. We will do our utmost to prevent environmental incidents by continually providing employees with education and training to raise their environmental awareness.
8. We will encourage persons or organizations we work with in every process of our business activities to work on reducing environmental burdens.
9. We will disclose information on impacts of our business activities on the environment to stakeholders timely and appropriately and strive to maintain and enhance mutual trust with stakeholders through dialogue.
10. We will periodically self-evaluate the progress of our environmental initiatives and implement the PDCA cycle for improvement.

Date of enactment : August 30, 2024

Social and Relationship Capital

Mutual trust and cooperative relationships with stakeholders are the foundation of our social and relationship capital, which we strive to maintain and strengthen through a variety of initiatives.



Associate Director
General Manager of Corporate
Communications Dept.

OKAMOTO
Norio

Supply Chains

Procurement of Raw Materials

We have established the Basic Policies on Sustainable Procurement to promote fair and equitable procurement practices and build cooperative relationships with business partners, thereby aiming to achieve mutual growth and prosperity. To assess and strengthen collaboration with our customers, we introduced the EcoVadis CSR assessment platform in fiscal 2023 and have since conducted surveys in stages.

Logistics

Endorsing the “White Logistics Movement” and the Declaration of Partnership Building, the Sumitomo Seika Group is promoting sustainable logistics with partner companies.

» P.39 Human Rights Initiatives

Customers

While ensuring a stable supply of products to meet customer demand, we continually work to incorporate customer feedback on future needs into new product development. In the Super Absorbent Polymers Division, we are strengthening collaboration with other companies by, for example, participating in a joint demonstration experiment of a “primary data distribution platform,” an industry-wide initiative aimed at improving the efficiency of GHG emissions calculations across supply chains.

Universities and External Research Institutions

To create new businesses that contribute to solving social issues, such as reducing GHG emissions and promoting resource circulation, we collaborate closely with universities and external research institutions, leveraging their technologies and expertise in joint research and development.

Local Communities

Each Group site places emphasis on day-to-day communication with local community members, deepening mutual trust and cooperation through disaster preparedness drills and the signing of disaster cooperation agreements. At overseas sites, we maintain close communication with relevant stakeholders, including local government authorities, to contribute to local communities through the smooth operation of our business.

» P.56 Engagement with the Community and Society

International Frameworks and Institutions

In recent years, building long-term cooperative relationships with international frameworks and institutions, including global initiatives and non-governmental organizations (NGOs), has become increasingly important.

The Group is a proud signatory to the UN Global Compact and upholds its Ten Principles.

In fiscal 2024, as part of our ongoing efforts to reduce GHG emissions, our reduction targets and plans through fiscal 2033 were certified by the Science Based Targets initiative (SBTi), an international framework promoting science-based emissions reduction targets.

To strengthen information disclosure and transparency, we share data with reference to several initiatives, including CDP (a climate change information disclosure platform), Sedex (a supply chain ethical data exchange platform), and GX League (a public-private partnership framework promoting green transformation).

Enhanced Information Sharing

We are currently working on a complete update of our websites. By providing diverse and easily accessible information, we will further strengthen communication with various stakeholder groups.

Business Strategies

*The figures for the fiscal 2025 earnings forecast presented in this article are based on the information disclosed on May 12. Please refer to our website for the latest earnings forecast

Super Absorbent Polymers Segment

Performance Target	FY2023	FY2024	FY2025 (Forecast)	FY2025 (Target)
Net Sales	¥106.4 billion	¥115.5 billion	¥113.9 billion	¥120.0 billion
Operating Profit	¥6.6 billion	¥8.1 billion	¥7.6 billion	¥7.5 billion

The Super Absorbent Polymers Segment is engaged in the manufacture and sales of AQUA KEEP™, a material used in disposable diapers for infants and adults as well as in other hygiene products. In Asia and Africa, the markets for disposable diapers for infants continue to expand, driven by economic growth and population increase. Meanwhile, demand for disposable diapers for adults has been growing mainly in Europe, North America, and Japan. With demographic and lifestyle changes, however, the markets in other regions are also expected to expand in the future. In line with these trends, we are focusing on building a stable supply system and delivering high-performance products. AQUA KEEP™ is also used in other applications, such as absorbents for pet sheets and water blocking materials used in power and optical cables.

Strengths

AQUA KEEP™ is the world's only super absorbent polymers (SAP) that are mass-produced using the inverse phase polymerization method. The spherical particle shape and uniform particle size distribution achieved through this process result in excellent processability during the manufacturing of hygiene products and ensure consistent product quality.

It also delivers superior performance in key SAP functions, namely, fast absorption speed, high retention capacity under pressure, and long-term gel stability. Moreover, its specifications can be customized to meet diverse customer needs. Going forward, we will further refine our proprietary technologies to strengthen our competitive advantage in the global market, contributing to more comfortable lifestyles and improved sanitary environments worldwide.

Challenges and demands	Value we offer	
Improvement of hygienic environments		Supplying SAP tailored to the specific needs of each region and customer group, contributing to the wider adoption of disposable diapers
Supporting QOL of women		Supplying SAP that enables thinner sanitary products, leading to improvement of comforts and hygiene
Environmental contribution	 	High-performance SAP reduces use of materials, and thinner diapers will improve transportation efficiency
Stabilization of infrastructure		Supplying SAP suitable for water blocking materials used in cables, which are essential for improving the stability of communication and power infrastructure



Managing Executive Officer
Chief of Business Sector

TOYA Takehiro

What our SAP Can Do for Each Application of Disposable Diapers

Application	Structure of Absorbent Core for disposable diapers	Functions Required for SAP	Features of Our SAP
Disposable diapers for infants	Mixed core	<ul style="list-style-type: none"> •Higher absorption capacity •Fast absorption speed (to quickly absorb urine repeatedly discharged in a short time and keep the user's skin dry) 	<ul style="list-style-type: none"> •Our SAP products are superior in the high absorption capacity and high speed as they help prevent liquid leaks and rewetting of the user's skin when used for disposable diapers. •We can supply SAP grades tailored to the specific needs of each region and customer group.
Disposable diapers for infants (mainly in China)	SAP sheet*2	<ul style="list-style-type: none"> •Fast absorption speed (SAP sheets contains less pulp, an absorption aid, and thus SAP itself must absorb the liquid even more quickly) •Shape suited for thin products 	<ul style="list-style-type: none"> •Our SAP products are superior in the large absorption volume and high speed as they help prevent liquid leaks and rewetting of the user's skin when used for disposable diapers. •In SAP sheet type diapers, which are characterized by their thinness, spherical SAP is suitable to make the surface smoother and softer to touch. Particle diameter can be easily controlled.
Disposable diapers for adults (for nursing care)	Mixed core*1	<ul style="list-style-type: none"> •High absorption capacity (needs to quickly absorb large amount of urine – several times more than infants) •Antibacterial and deodorizing properties 	<ul style="list-style-type: none"> •High absorption capacity has been achieved •SAP grades with an antibacterial function have been launched
Disposable diapers for adults (for active seniors)	Mixed core*1	<ul style="list-style-type: none"> •Fast absorption speed (To achieve a thinner design aimed at better comfort and reduced visibility when worn, the amount of pulp (absorption aid) in the products must be reduced, and thus the absorption speed of SAP needs to be increased) •Antibacterial and deodorizing properties 	<ul style="list-style-type: none"> •Has the same competitive advantages as in the case for disposable diapers for infants (mixed core and SAP sheet types) •SAP grades with an antibacterial function have been launched

*1 Mixed core: Absorbent, or the "core," of disposable diapers that is made of cotton-like pulp and SAP. Used in a wide range of regions.

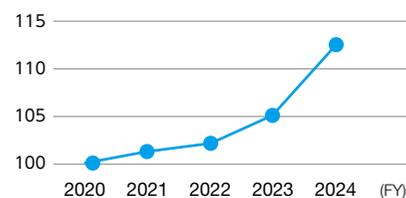
*2 SAP sheet: A sheet for disposable diapers made of absorbent polymer positioned between nonwoven fabric layers. Commonly used in China.

Market Environment

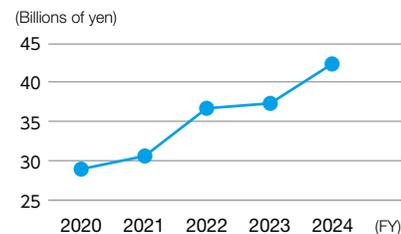
The global SAP market is projected to grow steadily by approximately 3–4% per year, driven by rising demand for adult sanitary products in developed countries, as well as expanding demand for disposable diapers for infants amid population growth in emerging countries.

In China, robust capital investment has continued, leading to persistent oversupply and intensified price competition in the domestic market. This situation is also influencing the global supply-demand balance. In the Asian market, which is expected to continue growing, the competitive environment is becoming increasingly fierce as China expands its exports of disposable diapers while low-priced SAP from China and South Korea continues to flow into the region.

Change in SAP Sales Volume by the Group (Volume in FY2020 is set as 100)



Change in Sales Amount to China



Characteristics of the Chinese Market

In disposable diaper sold in the Chinese market, SAP sheets rather than cotton-like pulp are used as the absorbent. SAP sheets are made with SAP positioned between nonwoven fabric layers. Meanwhile, an increasing number of disposable diapers exported from China feature a similar structure. Our AQUA KEEP™ is widely adopted in the Chinese market due to its high absorption capacity and fast absorption speed, the features required for diapers with this structure. Also, its spherical particle shape helps make the surface of the diapers smoother.

FY2024 Business Results Overview

Both net sales and operating income for this segment grew significantly from the previous fiscal year, reaching 115.5 billion yen and 8.1 billion yen, respectively. This growth was driven primarily by favorable forex conditions and higher sales volume in the Chinese market. The rise in sales to China reflects the increasing exports of disposable diapers manufactured in China. Chinese-made disposable diapers are highly evaluated not only for their affordability but also for their high quality. Increasing volumes of these products are exported to Russia, Southeast Asia, and other regions.

Business Strategies

1. Developing New Products

By developing and launching products tailored to local markets and customer needs, we aim to enhance product value and build a product portfolio that avoids competing on price. While making efforts to increase our sales volume, we also seek to support the growth strategies of our customers. For example, we develop new grades of SAP that help our customers to reduce costs as well as their environmental impact.

2. Streamlining

We are sequentially implementing process improvements at our sites in Japan and overseas to boost productivity and reduce energy consumption, thereby strengthening cost competitiveness. These initiatives are expected to deliver benefits totaling 2.1 billion yen by the end of fiscal 2025 compared with fiscal 2022. We will also explore and execute additional streamlining measures in fiscal 2026 and beyond.

3. Strengthening the Supply System

To meet demand in the expanding markets including China and other Asian countries, we are strengthening our supply capabilities by expanding facilities in Singapore and integrating the streamlined production processes. The expansion project in Singapore, where approximately 160 million USD is invested, is expected to increase annual production capacity by 70,000 metric tons, bringing the total production capacity at the Singapore site to 140,000 metric tons after the expansion.

The Group's Annual Production Capacity

	FY2024	FY2026 (planned)
Japan	210,000T	200,000T
Singapore	70,000T	140,000T
South Korea	118,000T	133,000T
France	47,000T	47,000T
Total	445,000T	520,000T

Priority Initiatives

1. Continuing streamlining efforts

To maintain our competitive edge in the increasingly commoditized markets, we continue to streamline operations at our manufacturing sites both in Japan and abroad. Through these efforts, we aim to establish an efficient and resilient earnings structure.

2. Building a framework for stable product supply

We will strengthen our framework for stable product supply by optimizing the use of existing capacity and expanding facilities in Singapore.

3. Maintaining and enhancing product value

We will increase the value of our products through new product development, customization, technical services, and environmentally friendly product creation. We will accelerate the market launch of new products for the regions and applications which have a potential for growth. To do so, we closely collaborate with our key customers and share technical information to improve SAP performance. Among the initiatives currently underway to ensure sustainable business growth into the future are discussions on the use of biomass balance certification systems, the reduction of GHG emissions across the supply chain, the development of SAP recycling technologies, and the promotion of product stewardship* initiatives.

* Product stewardship:

Activities for protecting human health and the environment according to the degree of the risks assessed throughout all stages of the product life cycle, including the supply chain, from development and manufacture to transportation, final consumption, disposal, and recycling of chemical substances.

Functional Materials Segment

Performance Target	FY2023	FY2024	FY2025 (Forecast)	FY2025 (Target)
Net Sales	¥36.2 billion	¥31.8 billion	¥30.8 billion	¥40.0 billion
Operating Profit	¥2.9 billion	¥2.6 billion	¥1.4 billion	¥4.5 billion

The Functional Materials Segment ensures a stable supply of a broad range of products that contribute to societal advancement. These include electronics gases used in the semiconductor manufacturing processes, materials for lithium-ion secondary batteries (LIBs), water-soluble polymers applied in haircare, toiletries, and other personal care products, and industrial products such as adhesives and isoprene rubber (IR) latex.

Strengths

The strength of this segment lies in its ability to ensure a stable supply of distinctive products made possible by our advanced and proprietary technologies in controlled polymerization, emulsification, micronization, fine organic synthesis, gas refining, separation, and mixing, and microanalysis.

Challenges and demands		Value we offer
Creation of a carbon-recycling society		Supply of additives for LIBs and high-performance insulation coating materials that contribute to higher performance and longer service life of finished products
Health and anti-aging		Stable supply of pharmaceutical intermediates and medical gases, which are essential for pharmaceuticals and medical practices
Advancement of a digital society		Supply of electronics gases that support the advancement of the digital society

Market Environment

The semiconductor industry, to which we supply electronics gases, entered a recovery phase in the latter half of 2024. However, the pace of recovery varies among product categories: advanced logic semiconductors and Memory Chips are performing strongly, driven by the demand for AI semiconductors, while NAND flash memory devices (mainly for computers and smartphones) and power semiconductors (mainly for automobiles) continue to experience production adjustments. Similarly, sales recovery of our electronics gases varies among the products.

In the personal care field, the markets of many products are in a mature stage. Nevertheless, customers are demanding higher standards, while regulations on the safety of raw materials and environmental impacts of the products are becoming increasingly stringent. In the environment & energy field, there is growing demand to enhance product performance. While high-capacity, long-life lithium-ion batteries (LIBs) are being developed, electric vehicle (EV) motor systems and related applications are shifting toward higher voltage and greater energy efficiency.

FY2024 Business Results Overview

In fiscal 2024, both net sales and operating profit in this segment declined significantly from the previous fiscal year. Although the sales volume of electronics gases increased, the termination of the IR latex business offset this gain, resulting in an overall decrease in both sales and profits.

Business Strategies

We are pursuing structural reforms, including the withdrawal from unprofitable products, as well as downsizing of equipment, reallocation of personnel, and other efficiency measures. For electronics gases, we will review our current production framework from the medium- and long-term perspective, taking into account future demand trends. In the personal care field, AQUPEC-MG* (a material mainly used in cosmetics) is seeing rising sales, and we will accelerate initiatives to further expand this business.

* AQUPEC-MG:

A thickener used in "all-in-one" gel cream, milky lotions, and other cosmetics. It enables formulation of products that are less sticky and deliver a fresh, smooth, and pleasant feel after application. This product was commended at "in-cosmetics global," a cosmetic trade show, in 2018 and 2019.



Research and Development

1. Development of new grades of electrolyte additives for LIBs
2. Development of high-performance insulating coating materials with high durability against partial discharges from enameled wires, contributing to higher voltage and greater energy efficiency in EV motor systems
3. Development of new grades of cosmetic thickeners (AQUPEC)
4. Development of coating materials for food packaging
5. Development of new materials used for deposition and etching of next-generation semiconductor materials
6. Development of low-concentration CO₂ separation and recovery devices based on pressure swing adsorption (PSA) technology

Research and Development

R&D Policies

Policies	Initiatives
1 Trinity of strategies (business strategies, intellectual property strategies, and R&D strategies) to promote R&D	We hold tripartite discussions among the Business Sector, Intellectual Property Department, and Research and Development Sector on issues and solutions relating to R&D.
2 Promotion of R&D in line with business policies	We are conducting R&D to solve social and customer challenges, particularly in our priority fields of super absorbent polymers, the environment, energy, and electronic materials.
3 Creation of new products and technologies that leads to the next generation of businesses	In the four priority fields mentioned above, we identify the businesses we should address in the medium and long term. Following the formulation of business strategies and technology strategies aligned with the identified businesses, we work on the creation of new products and new technologies.
4 Reinforcement of our R&D capabilities	We are promoting the strengthening of research and development capabilities by improving fundamental skills in R&D (such as research proposal skills and data analysis skills), enhancing production technology and material evaluation technology, and utilizing Materials Informatics (MI).

R&D Framework

The Material Development Laboratory and the Production and Process Engineering Laboratory, are situated in each of the two locations: the Himeji area (Himeji City, Hyogo) and the Befu area (Harima-cho, Hyogo).

Our R&D efforts are carried out through three stages—“exploratory research,” “development research,” and “industrialization research.”



Four Priority Fields and Research Themes

Research themes are selected from our four priority fields—super absorbent polymers, the environment, energy, and electronic materials—taking into account the future prospects of the market of each field. We also take account of a variety of social challenges, such as GHG emissions reductions, resource recycling, and the SDGs, as well as customer needs.

Super Absorbent Polymers (SAP)

We develop products tailored to the specific needs of different regions and applications based on the batch process characteristics found with the inverse phase polymerization method. New grades of SAP with higher water retention, as well as safer and more secure products that comply with chemical regulations, are also developed. As an effort to contribute to waste reduction, we develop technologies to recycle SAP recovered from used disposable diapers. We are working on the development of new grades of SAP not only for disposable diapers but also for other uses. Newly developed grades of SAP used for water blocking cables was launched in fiscal 2024.

Environment

We are working to develop aqueous emulsions that use various thermoplastics resins, which are designed to reduce environmental impact. as their main ingredient. We are also promoting the development of a system that can capture relatively low concentrations of carbon dioxide from boiler exhaust gas and other sources using Pressure Swing Adsorption (PSA) technology. In this way, we will contribute to realizing carbon neutrality.

Energy

Our focus in this field is on developing high performance binders and electrolyte additives that suppress increases in resistance and gas generation in lithium-ion secondary batteries (LIBs). We are also accelerating the development of high-performance insulating coating materials with superior durability against partial discharges from enameled wire, higher-voltage, and energy-efficient in motor systems. Establishment of industrial manufacturing processes are aimed based on the feedback from electrical wiring and automobiles manufacturers.

Electronic Materials

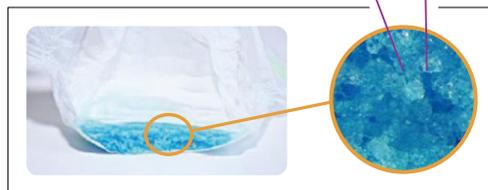
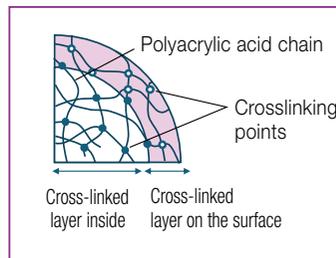
We are promoting the development of high-purity grades of electronics gases used in semiconductor manufacturing processes. Additionally, as high stacked layers to increase the memory capacity of semiconductor memories, we are advancing the development of silicon oxide precursors characterized by low thermal shrinkage for insulating film formation.

TOPICS 1 Development of SAP with higher water retention capabilities

We are developing new products that contribute to reducing the amount of materials used for disposable diapers. One such product, which began full-scale sales in fiscal 2024, features enhanced water retention performance and successfully reduced SAP usage by approximately 10%.

As the role of SAP in disposable diapers is to absorb and retain urine, higher absorption is needed. However, once urine is absorbed, conventional SAP loses structural strength. For disposable diapers, which go under a certain level of load, higher durability is required. Leveraging the advantages of a batch process using an inverse phase polymerization method, we carefully control the degree of crosslinking both inside and on the surface of the SAP structure. We have been developing a new product aiming to achieve higher water retention and superior absorbent performance under heavier loads.

The new product that meets these two requirements currently under development is expected to further reduce the amount of SAP used. We plan to launch the new product in fiscal 2026.



TOPICS 2 Development of SAP recycling technologies

With the rapid aging of Japan's population, the consumption of diapers for adults has been increasing on a yearly basis. Some estimates suggest that used disposable diapers will occupy roughly 7% of all general waste by around fiscal 2030. Currently in Japan, most used disposable diapers are incinerated. To reduce the load of incineration and promote resource recycling, various approaches are studied to recover materials from used disposable diapers, including pulp, plastics, and SAP.

We are developing a technology for horizontal chemical recycling of SAP separated from used disposable diapers, for which laboratory-scale demonstration has been completed.

Our chemical recycling technology for SAP

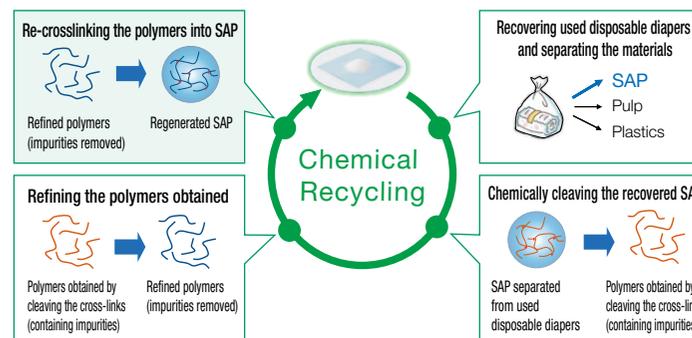
1. Convert SAP recovered from used disposable diapers into linear polymers by chemically cleaving only the cross-links.
2. Refine the decomposed polymers to remove impurities contained in the used disposable diapers.
3. Re-crosslink the refined polymers to make SAP with an equivalent quality to new materials.

This initiative was selected for the fiscal 2024 Carbon Dioxide Emission Reduction Measures Subsidy Program administered by the Ministry of the Environment (MOE) of Japan, under the Program to Promote the Establishment of a Decarbonized Circular Economy (Plastic and Other Resource Recycling System Demonstration Project).

A pilot facility which demonstrates an industrial manufacturing process for recycling SAP is currently under construction and scheduled to start operation in fiscal 2026.



Conceptual diagram of our SAP chemical recycling technology



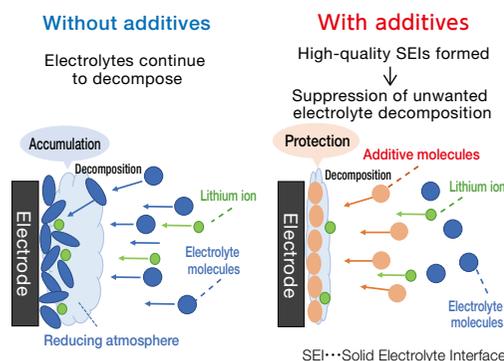
TOPICS 3 Development of electrolyte additives for LIBs

We are developing electrolyte additives for LIBs with suppressed gas generation and reduced resistance.

LIB electrolytes consist of electrolytes such as lithium hexafluorophosphate (LiPF₆) and organic solvents such as ethylene carbonate, as well as additives designed to enhance battery life and safety. Many of these additives form a high-quality solid electrolyte interphase (SEI) on the surface of the anode. This suppresses unwanted decomposition of electrolytes and solvents, thereby preventing battery degradation.

Without additives, solvents decompose on the electrode surface under high voltage, forming low-quality layers that increase resistance to lithium-ion transport. In addition, the decomposition of electrolytes produces CO₂, hydrogen, and other gases, causing cell expansion.

In fiscal 2024, we began sales to selected customers of additives highly effective in suppressing gas generation and reducing resistance. We are currently focusing on reducing manufacturing costs, and also working on developing new grades with the aim of expanding our product lineup to meet the diverse requirements of our customers.



For Creation of New Businesses over the Medium- and Long Term

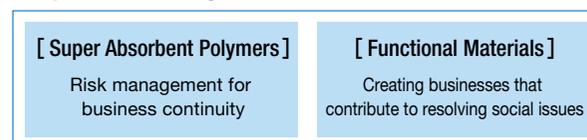
To create new businesses which contribute to a medium- to long-term business growth, we established a dedicated task force to formulate business and technical strategies.

We have identified new business domains within our current priority fields—super absorbent polymers, the environment, energy, and electronic materials taking into account the market size, external trends, and compatibility with our technologies.

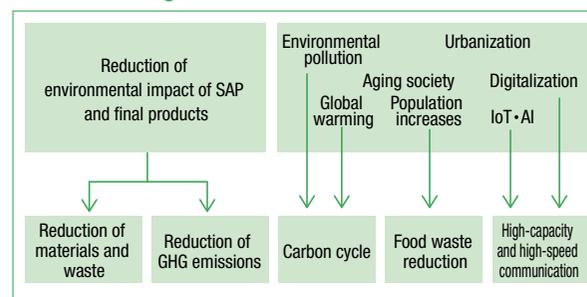
We have prioritized new research programs under two basic policies: “risk management for business continuity” in the field of Super Absorbent Polymers and “creating businesses that contribute to resolving social issues” in the field of Functional Materials. Based on these policies, we launched R&D projects in fiscal 2025.

By positioning these as core research programs in our medium- to long-term business plan, we will preferentially allocate resources on the initiatives.

Corporate challenges



Social challenges

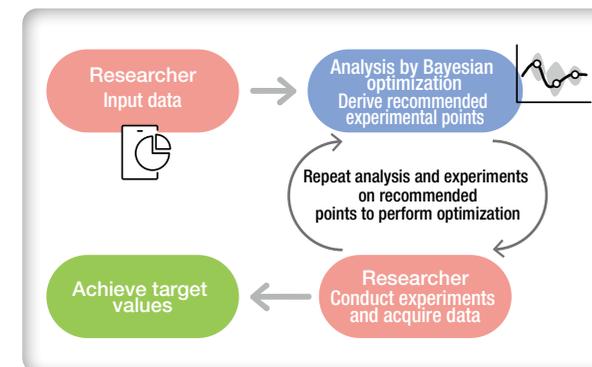


Prioritization of new business domains and research programs

Utilization of Materials Informatics (MI)

We have introduced MI, an AI-driven materials development technology, to accelerate R&D. Generally, achieving target values in R&D requires optimization of many conditions, but by using Bayesian optimization, one of the MI methods, we can reach optimal solutions with fewer experimental trials. Specifically, in the development of new binders for Lithium-ion batteries, out of over 10 million possible combinations of monomer types, we were able to reach the optimal solution with only 25 experiments. We aim to promote the use of Bayesian optimization as a standard method in R&D, and by also utilizing other MI approaches such as forward/reverse analysis and importance analysis, and we will link these efforts to further research achievements.

In progressing these initiatives, we are also focusing on nurturing digital talent who can apply MI to practical work, such as data scientists and data engineers, with the goal of placing them in each department within the research institute.



Sustainability Management

Significance of Sustainability Initiatives and Corporate Governance

Guided by the Basic Policies on Sustainability, the Sumitomo Seika Group addresses a wide range of social challenges, including the Sustainable Development Goals (SDGs), globally shared goals. With all members sharing common recognition and values, we strive to contribute to the development of a sustainable society and to meet expectations of all stakeholders.

Under the current Medium-term Business Plan (FY2023–FY2025), we specify “boosting sustainability initiatives” as a critical issue alongside the three priority measures: “building resilient business structure,” “reaping fruits of research & development,” and “promoting thorough streamlining.” We also defined six material issues (▶▶P.11) and established concrete targets for fiscal 2030. Using these targets as key performance indicators (KPIs), we will quantitatively track the progress.

To drive these initiatives, the Sustainability Committee, chaired by the President, formulates annual action plans and monitors their progress at interim and year-end reviews. The Committee also deliberates on how to respond to emerging issues. The results of each meeting of the Sustainability Committee are reported to the Board of Directors. By incorporating feedback from the Board into subsequent activities, we ensure the continuous improvement of the Group’s sustainability management.

Activities in Domestic and International Initiatives

To advance sustainability activities in keeping with global frameworks, the Group participates in a range of initiatives. In fiscal 2023, we endorsed the Ten Principles of the UN Global Compact, which are based on four pillars—human rights, labor, environment, and anti-corruption—and have participated in its initiatives. We

also joined the Science Based Targets initiative (SBTi), the Task Force on Climate-related Financial Disclosure (TCFD), and the GX League to strengthen our information-gathering capabilities and improve the sustainability initiatives of the Group.

Topics from Fiscal 2024

1. Survey on Awareness of Human Rights Risks

With the support of an external service provider, we conducted a survey to assess awareness of Group employees on human rights risks (▶▶P.37). Based on the survey findings, we revised the employee training curriculum to encourage behavioral change of employees, aiming to further cultivate a workplace culture where human rights are respected. We will conduct the survey on a continual basis.

2. Recognition as a “Supplier Engagement Leader” by CDP

The Group was named a “Supplier Engagement Leader” (the highest rating in the assessment) by CDP, an international non-governmental organization, in its 2024 Supplier Engagement Assessment (SEA).

We have set GHG reduction targets and action plans for the Group through fiscal 2033 and validated by SBTi: for Scope 1 and 2 under the “1.5°C target,” and for Scope 3 (across the entire supply chain) under the “2°C target.” We believe that CDP recognized our ongoing dialogue and continuous collaboration with suppliers to address climate change.



Priority Issues for Fiscal 2025

To further advance eco-conscious business activities under the Basic Policies on Sustainability and the Environmental Policy, we will adopt the “nature positive*” approach. Aiming to realize a society in harmony with nature and to create a world where nature and human society coexist in balance by 2050, we will formulate the

Group’s basic approach and action policies for biodiversity conservation.

* A concept focused on halting biodiversity loss and restoring nature

Basic Policies

Basic Policies on Sustainability

The Sumitomo Seika Group believes that it assumes corporate responsibility for contributing to resolving globally vital social issues from a long-term perspective. In order to fulfill this responsibility, we promote sustainability management based on the following basic policies.

1. We support the foundation of industries and people’s comfortable living through supplying high quality products and services.
2. We, as a chemical manufacturer, attach the highest priority to ensuring “zero accidents and zero injuries” and strive to achieve and maintain safe and stable plant operation as well as safe transportation of products we produce.
3. We conduct thorough quality management of our products and services so that our customers can use them to their satisfaction and with confidence.
4. We properly assess possible impacts of our products and production processes on humans and the environment to ensure their safety and promote environmental stewardship.
5. We disclose the progress of our initiatives for our sustainability management to our stakeholders, promote dialogue with them and reflect the outcome of such dialogue adequately in our business management.
6. We provide a sound work environment for our employees to work safely and in good health both physically and mentally, and also nurture a corporate culture that inspires the employees to challenge themselves to new or difficult tasks.
7. We, as a responsible corporate citizen, contribute, through our business activities, to the development of a sustainable society where humans and the Earth can live together.

Date of enactment: November 7, 2022
Date of the latest revision: March 28, 2023

Sustainability Activities

Areas	Subjects	FY2024 Results	FY2025 Plans
Environment	Climate change initiatives	<ul style="list-style-type: none"> ● Having our targets validated by the SBTi 	<ul style="list-style-type: none"> ● Continue initiatives aimed at GHG emission reduction targets ● Implement initiatives in collaboration with the supply chain
	Biodiversity conservation	<ul style="list-style-type: none"> ● Assessed proximity of biodiversity and natural conservation areas to all manufacturing sites 	<ul style="list-style-type: none"> ● Promote measures and initiatives for biodiversity conservation
	Resource circulation	<ul style="list-style-type: none"> ● Continued 3R initiatives ● Promoted super absorbent polymers (SAP) recycling technology 	<ul style="list-style-type: none"> ● Continue 3R initiatives ● Develop SAP with higher water retention capabilities that contributes to resource reduction
Society	Occupational safety & health	<ul style="list-style-type: none"> ● Continued "Safety Experience Training" for all employees at domestic plants 	<ul style="list-style-type: none"> ● Aim for 100% cumulative attendance in "Safety Experience Training" for domestic plant employees from 2023 onwards
	Human capital management	<ul style="list-style-type: none"> ● Promoted improvements to support diverse work styles (revised Special Leave System) 	<ul style="list-style-type: none"> ● Plan and implement new human resource programs ● Raise retirement age to 65
	Respect for human rights	<ul style="list-style-type: none"> ● Created risk map based on human rights due diligence digital survey 	<ul style="list-style-type: none"> ● Prioritize countermeasures for high-risk items (working hours, power harassment, sexual harassment)
	Supply chain management	<ul style="list-style-type: none"> ● Continued supplier surveys using EcoVadis platform ● Dialogue with suppliers based on Basic Policies on Sustainability 	<ul style="list-style-type: none"> ● Continue supplier surveys and expand targeted suppliers
Governance	Corporate governance	<ul style="list-style-type: none"> ● Regular meetings are held for 4 committees related to sustainability management, including the Sustainability Committee. 	<ul style="list-style-type: none"> ● Set up Audit and Supervisory Committee Secretariat (including exclusive staff for independence)
	Compliance with laws and regulations	<ul style="list-style-type: none"> ● Conducted compliance trainings tailored to job type and position (4 sessions) 	<ul style="list-style-type: none"> ● Conduct compliance trainings tailored to job type and position (4 sessions)
Common	Education & training	<ul style="list-style-type: none"> ● Provided training content using videos ● Implemented education by job level 	<ul style="list-style-type: none"> ● Review and conduct each training ● Enhance human rights education
	External evaluation	<ul style="list-style-type: none"> ● Selected as "Supplier Engagement Leader" by CDP ● Received EcoVadis Bronze Medal ● Applied global standards derived from SMETA* audit results at Chiba Works to the entire Group 	<ul style="list-style-type: none"> ● Improving unresolved findings from the SMETA audit (review working hours: weekly management aligning with global standards)
	Communication	<ul style="list-style-type: none"> ● Held town hall meetings ● Participated in activities of the UN Global Compact Network Japan and other organizations 	<ul style="list-style-type: none"> ● Subcommittee activities in joined initiatives

*SMETA (Sedex Members Ethical Trade Audit) : a social audit methodology that enables understanding of compliance with standards related to labor, health and safety, environment, and business ethics at a company or their supplier sites (such as factories and business locations).

Respect for Human Rights

Our policy

As a responsible corporate group, we have positioned respect for human rights as one of the key foundations that support business continuity. Guided by the Sumitomo Seika Group Human Rights Policy established in March 2024, we respect human rights in all our business activities and workplace environments across the organization.

Should any risk of human rights violations arise, we act promptly to remedy it.

Human Rights Policy

Sumitomo Seika Group hereby adopts its Human Rights Policy (“the Policy”) based on the United Nations Guiding Principles on Business and Human Rights with the aim of fulfilling the Group’s responsibility to respect the human rights of every stakeholder who is affected by the Group’s business activities.

1. Basic Principles

We will support and respect human rights as declared internationally in the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, etc. With Sumitomo Seika Chemicals Company, Ltd. becoming a signatory to the United Nations Global Compact, every company of Sumitomo Seika Group will support and respect its Ten Principles, which include human rights and labor.

2. Scope for Application

The Policy applies to every executive officer and employee of all Sumitomo Seika Group companies, including non-regular employees. In addition, we will continually ask our business partners, including those across our supply chain, to collaborate with us in respecting human rights through acting in conformity with the Policy.

3. Human Rights Due Diligence

We will identify adverse impacts caused on human rights in our business activities and seek to prevent or mitigate such impacts through implementing human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights.

4. Correction and Access to Remedy

We will have grievance & complaint mechanisms in place in order to respond to concerns about adverse impacts on human rights. Should it become evident that Sumitomo Seika Group’s business activities have caused adverse impacts on human rights or contributed to such impacts, we will strive to take corrective action and provide remedy for the impacts through appropriate procedures.

5. Disclosure

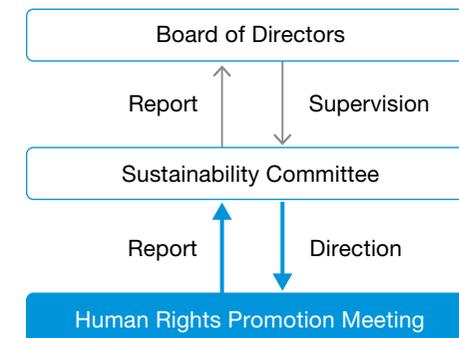
We will report on our initiatives toward respecting human rights on the website of Sumitomo Seika Chemicals Company, Ltd. or through its Integrated Reports and other avenues.

Date of enactment : March 28, 2024

Promotion Framework

To promote respect for human rights in our business activities, we have established the Human Rights Promotion Meeting under the Sustainability Committee chaired by the President. Comprising representatives from various organizations and Group companies, the Human Rights Promotion Meeting deliberates and implements necessary measures in line with action guidelines on respect for human rights as discussed and decided by the Sustainability Committee, and reports back to the Committee.

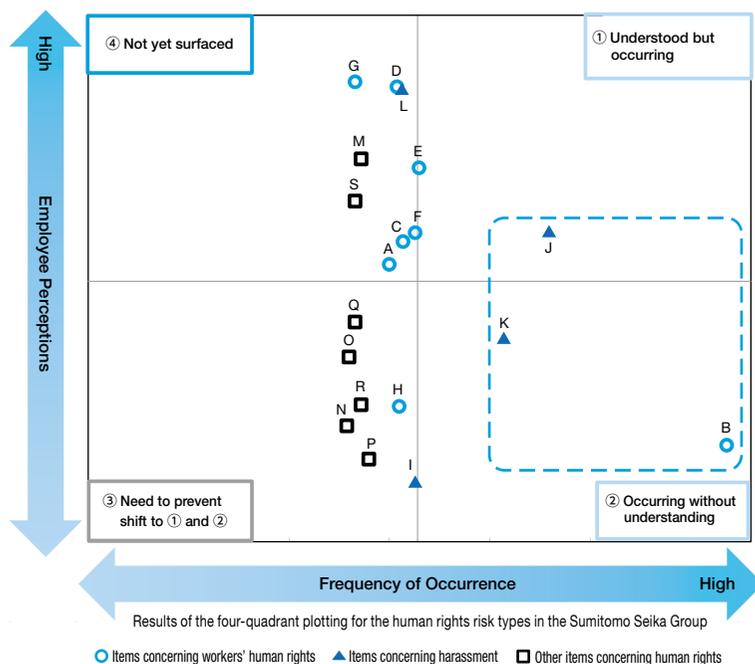
Details of the initiatives led by the Sustainability Committee and the Human Rights Promotion Meeting are supervised by the Board of Directors.



Human Rights Due Diligence

In fiscal 2024, we conducted a human rights due diligence digital survey in cooperation with external specialists to identify and assess adverse impacts on human rights (Response rate: 95.5%, 1,285 out of 1,346 eligible employees). In this survey, we quantitatively assessed the Group employees' awareness of human rights risks and created a benchmark based on four assessment items of: (1) perceptions and frequency of occurrence regarding 25 types of human rights risks, (2) accessibility to remedies in cases of human rights violations or unfair treatment, (3) psychological safety, which is believed to correlate with human rights risks, and (4) unconscious bias, regarded as a potential root cause of human rights violations.

Assessment Items	Assessment Method	Results	Detailed Accounts of the Risks
(1)Types of human rights risks	For the 25 types of human rights risks (A to S), employee perceptions and the actual frequency of occurrence within the Group were measured	See the four-quadrant plotting diagram	<ul style="list-style-type: none"> Identified 11 priority issues by analyzing frequency of occurrence and employee perceptions Of the 11 areas, three, "B: Excessive/Unreasonable Working Hours," "J: Power Harassment," and "K: Sexual Harassment," were found to be of particularly high priority (inside the dotted frame on the diagram below)
(2)Risks associated with accessibility to remedies	Using a five-point risk assessment scale and percentage data, the level of risk for each item was evaluated, with "5" representing the highest risk	Score of 2 on the five-point scale (low risk)	<ul style="list-style-type: none"> Employees can exercise their rights to access remedies Issues with consultation services, etc. were identified
(3)Risks associated with psychological safety		Score of 3 on the five-point scale (medium risk, slightly below the organizational average)	<ul style="list-style-type: none"> High risks were identified for the following two items ①Risk taking : High risk ⇒ Difficult to take risks and act with confidence ②Demonstration of individuality : High risk ⇒ Inability to fully demonstrate individuality or skills, leading to low evaluations
(4)Risks associated with unconscious bias		Score of 3 on the five-point scale (medium risk, slightly above the organizational average)	<ul style="list-style-type: none"> High risks were identified for the following two items ①Authority bias : Tendency to believe that persons with authority (e.g., supervisors and experts) must be right ②Expertise bias : Tendency to think only within one's own field of expertise



Future Actions

Assessment Items	Actions
(1)Types of human rights risks	<ul style="list-style-type: none"> In the three areas of "B: Excessive/Unreasonable Working Hours," "J: Power Harassment," and "K: Sexual Harassment," which are of particularly high priority, measures will be implemented to mitigate risks through dialogue and collaboration with relevant departments, while continuing current education and training sessions
(2)Risks associated with accessibility to remedies	
(3)Risks associated with psychological safety	<ul style="list-style-type: none"> To mitigate other human rights risks, efforts will focus on building awareness through education and training and improving understanding and perceptions, while also checking trainees' ownership of the issues by conducting questionnaires and surveys after each activity
(4)Risks associated with unconscious bias	

A : Insufficient/Unpaid Wages; Living Wage
 B : Excessive/Unreasonable Working Hours
 C : Exploitative working structure
 D : Occupational Health and Safety, Right to Receive Social Security
 E : Right to Privacy

F : Freedom of Movement and Residence
 G : Freedom of Association
 H : Discrimination
 I : Human Rights Issues Related to Gender
 J : Power Harassment

K : Sexual Harassment
 L : Maternity/Paternity Harassment
 M : Caregiver Harassment
 N : Freedom of Expression
 O : Consumer Safety and Right to Information

P : Intellectual Property Rights
 Q : Technology/AI
 R : Human Rights Issues in Supply Chains (problem awareness)
 S : Human Rights Issues in Supply Chains (realities)

Human Rights Education

To raise awareness and educate our employees, we provide human rights education in position-based training (new employee training, new manager training, etc.). We also conduct e-learning for all employees to help deepen their understanding of human rights. The implementation of these training programs in fiscal 2024 is shown in the table below. Additionally, we distribute educational videos on sustainability, including human rights, for internal audiences and encourage all employees to watch them.

By sharing information on respect for human rights throughout the Group, we encourage each and every employee to consider the human rights of various stakeholders in their day-to-day business, thereby embedding respect for human rights into our organizational culture.

Content	Number of Sessions	Total Number of Participants
Harassment training	2	1,220
Business and human rights	3	78

TOPICS SMETA Audits

To ensure that international standards related to labor, safety and health, environmental performance, and corporate ethics are applied to our initiatives, the Group undergoes audits using SMETA (Sedex Members Ethical Trade Audit), a social audit methodology. Following SMETA audits at three sites in fiscal 2023 (Himeji Works, Befu Works, and Sumitomo Seika Singapore Pte. Ltd.), Chiba Works was audited in fiscal 2024. For cases identified as needing improvement, we carried out corrective actions, including a review of in-house regulations.

Human Rights Initiatives in the Supply Chains

Basic Policies on Sustainable Procurement

We have the following basic policies regarding the procurement of raw materials and services, based on which we will grow and prosper sustainably together with our business partners, contributing to the realization of a sustainable society at large.

1. We promote fair and equitable procurement

- We provide equitable trading opportunities to all of our business partners on the basis of fair and free competition
- Under the “Declaration of Voluntary Activities for White Logistics Movement”⁽¹⁾ and “the Declaration of Partnership Building”⁽²⁾, we build cooperative relationships with our business partners, such as raw material manufacturers, business consignees, and transportation contractors, through sound and bona fide trading activities, thereby aiming to grow and prosper together

(1) The White Logistics Movement is a sustainable logistics campaign led jointly by Japan’s three government authorities, i.e. Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of Agriculture, Forestry and Fisheries. This initiative aims to improve productivity in truck transportation, create greater logistical efficiency, and realize a more comfortable working environment. The Declaration of Voluntary Activities is an announcement by a company or other entity to support the campaign, detailing its voluntarily, independent activities

(2) “Declaration of Partnership Building” is an initiative promoted by Japan’s Ministry of Economy, Trade, and Industry under which companies, regardless of sizes, declare their intention to build a new partner

2. We conduct procurement on the fundamental premise of respect for human rights, observance of laws and regulations and compliance with corporate ethics standards

- We do not procure raw materials or services from geographical areas or other sources that might involve human right violations, such as mining of so-called conflict minerals
- We construct and maintain an internal system capable of ensuring employees’ legal and ethical compliance and proactively provide employees with relevant programs of education and training
- We take thorough measures to prevent the leakage of confidential information received from business partners

3. We do not receive any personal gains from others in connection with procurement transactions

- We never receive personal benefits in the form of entertainment, gifts, gratuities or others when procuring raw materials or services

4. We fulfill our corporate social responsibilities jointly with our business partners toward realizing a sustainable society

- Among the key issues constituting corporate foundations that support the continuity of our business is “Respect for Human Rights.” As an initiative to this end, we perform human rights due diligence across our supply chain, which includes identifying human rights risks, preventing or reducing human right violations, evaluating effectiveness of relevant measures taken, and disclosing information on the initiatives in place

5. We attach importance to the following matters when selecting our business partners

- In selecting a company as our business partner to procure from, we expend every effort to make a fair judgment by considering the following factors, in addition to “quality,” “price,” “stability,” “durability,” “technological superiority,” and “after-sales service” with respect to the specific raw materials and services to purchase
 - (1) The company has an established internal system dedicated to occupational safety and health management whereby constant efforts are made to promote disaster prevention & safety management and perform risk management
 - (2) The company has an internal system in place to ensure employees’ observance of laws and regulations and their compliance with corporate ethics standards
 - (3) The company is strict in respecting human rights and prohibiting discrimination, forced labor and child labor
 - (4) The raw materials and services we may procure from the company are not related in any manner to human right violations, environmental destruction, corruption, or political conflicts
 - (5) The company is engaged in work to eliminate adverse impacts of its business activities on the natural environment or is sincere in conducting business in an environmentally friendly manner
 - (6) The company agrees to collaborate with us in promoting initiatives to achieve carbon neutrality
 - (7) The company has no connection at all with antisocial forces
 - (8) The company agrees with us on all of the foregoing basic policies on sustainable procurement

Date of enactment : February 21, 2023

CSR Surveys

To ensure respect for human rights throughout the supply chains, we published the Human Rights Policy and the Basic Policies on Sustainable Procurement and work proactively to gain the understanding and cooperation of our suppliers.

To monitor conditions at business partners and strengthen collaboration with them, we introduced the EcoVadis CSR evaluation platform in fiscal 2023. We first classified our suppliers of raw materials and packaging materials, as well as logistics services, into three groups based on the total amount of transactions and potential risks. We then started surveys in phases. By November 2024, we had asked a total of 159 suppliers, including overseas business partners, to take part in the surveys.

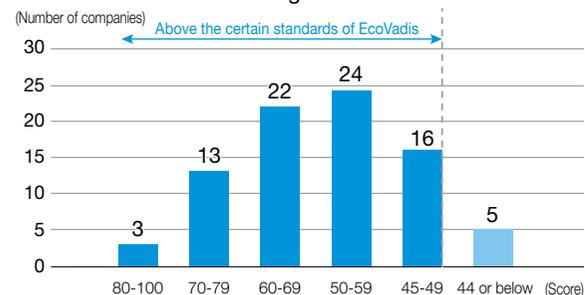
As of the end of June 2025, 83 of those business partners had responded (response rate: 52.2%, representing 81.9% of our total transaction value). Of these, we confirmed that 78 (94.0% of the respondents, representing 81.9% of our total transaction value) had taken action that meets certain standards*.

We will encourage the companies that are required further steps to enhance their CSR responses through discussions and other measures, thereby fostering awareness of the importance of respecting human rights throughout our supply chains.

In fiscal 2025, while continuing to expand the scope of the surveys, we also monitor the progress of business partners who previously participated. For suppliers facing difficulties using the survey platform, we will provide tailored solutions such as access to a simplified survey system.

* Certain standards: a score of 45 or higher on the EcoVadis platform, indicating limited risk as the company has a reliable system in place and implements appropriate countermeasures.

Distribution of overall ratings



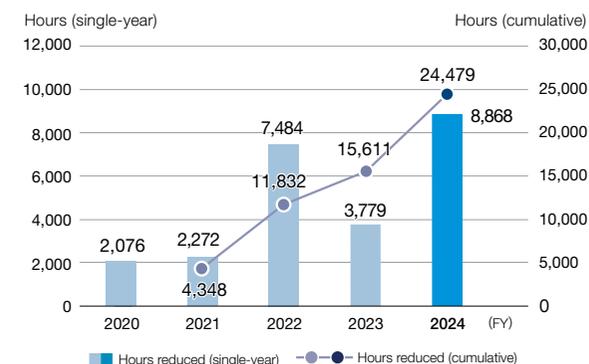
Initiatives in Logistics and Transportation

The Group endorses the “White Logistics” campaign and the Declaration of Partnership Building. In logistics and transportation, we work to improve the working environment and foster mutual prosperity for logistics companies and ourselves.

Each year, we hold the Logistics Safe Environment Cooperation Committee with partner companies. In fiscal 2024, we shared our initiatives on topics such as “responses to the logistics 2024 problem*,” “productivity enhancement,” and “workstyle reforms” with partner companies. Their initiatives were also shared and opinions were exchanged. Aligning direction of the Group with that of our partner companies, we are working to increase logistics productivity by reducing drivers’ working hours through shorter waiting and loading/unloading times, as well as by improving load efficiency.

* Logistics 2024 problem : starting in April 2024, regulations limiting truck drivers’ overtime to 960 hours per year and the revised Improvement Standards Notice came into effect. With reduced working hours, concerns have arisen about insufficient transport capacity, raising the possibility that “goods may not be delivered.” (Japan Trucking Association)

Results of the initiatives to reduce drivers’ working hours



“White Logistics” campaign

To respond to the increasingly severe shortage of truck drivers in Japan, we are involved in the following initiatives with the aims of ensuring the stable logistics needed to support lifestyles and businesses, and economic growth.

White Logistics goals:

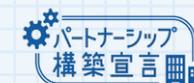
1. Raising productivity for truck-based transportation and making logistics more efficient
2. A more sustainable working environment, which makes it easier for women and those in their sixties to also work as drivers

Declaration of Partnership Building

This declaration is a promise by businesses to work toward greater added-value throughout supply chains and to aim for mutual prosperity for large enterprises and SMEs alike.

Signatories declare their commitment to:

- (1) Strive toward mutual prosperity and new collaborations throughout supply chains
 - Open innovation
 - IT implementation
 - Environmental efforts, etc.
- (2) Comply with positive behavioral norms when dealing with subcontractors. In particular, by declaring the stance on the following five areas to improve dealings:
 - ① Price determination methods
 - ② Mold management and other cost burden
 - ③ Payment conditions, including promissory notes
 - ④ Intellectual property and expertise
 - ⑤ Negative consequences of workstyle reforms, etc.



Promotion of Human Capital Management

Based on Human Resources Strategy formulated in fiscal 2023, the Sumitomo Seika Group is advancing human capital management in close alignment with our overall management strategy.

Human Resource Development

In order to maintain high competitiveness in the rapidly changing global market and contribute to solving social issues, we focus on developing human resources with highly specialized expertise.

In addition to regular training conducted by job levels, we provide various specialized knowledge and skills training (such as compliance, IT, intellectual property, accounting, MOT, MBA, etc.), diversity training, job-and position-specific training (technical education, business skills education, etc.), support for qualification acquisition, distance learning, and e-learning for self-development.

Moreover, each department holds reporting sessions and study groups, actively working to improve expertise through lively exchanges of opinions.

The Human Resources Department and managers of respective departments review the development status of employees in their departments annually and discuss rotation plans and other related matters.

Legal & Ethical Compliance Training

Each year, job- and position-specific training programs are conducted to ensure compliance with laws regulations, and internal rules across the Group.

In fiscal 2024, a total of four sessions were held.

Training Titles	Designated Participants
New employee training	All new employees
Information management training for researchers	Junior researchers
Security and export control training	Employees involved with importing/exporting
General compliance training	All employees

Technical Education

We conduct the following technical education programs aimed at improving the specialized skills and raising awareness of junior researchers and engineers.

In fiscal 2024, a total of 71 employees participated in these courses.

Training Titles	Number of Participants
Technical Education Introductory Course	23
Technical Education Basic Course	16
Technical Education Advanced Course	8
Production Technology Education Basic Course	15
Production Technology Education Advanced Course	9

R&D Theme Reporting Sessions

Twice a year, the Research and Development Sector provides junior researchers with opportunities to report progress of their research. The sessions are designed to encourage open discussion among researchers as well as to help junior researchers to improve their presentation skills. Each session is joined by more than 100 researchers either onsite or online. At the end of each session, best presentations are selected and awarded, further boosting the motivation of junior researchers.



Increasing Employee Engagement

Starting in fiscal 2021, we conduct annual employee engagement surveys to quantitatively understand employee engagement. Designed to measure psychological connection of employees to their jobs and the organizations they belong to, engagement surveys serve as an indicator for the employers to see whether a sufficiently comfortable work environment is provided for their employees.

The overview, key findings, and analysis of the fiscal 2024 engagement survey are shown below.

Survey Method Overview

Conducted by: ADVANTAGE Risk Management Co., Ltd.

Conducted for: 1,221 employees

Conducted on: September 9–27, 2024

Fiscal 2024 Key Findings and Responses

The fiscal 2024 engagement survey showed that two indicators (“work engagement,” or engagement with their jobs, and “employee engagement,” or engagement with their organizations) were slightly below the industry average. The survey results were shared with the management to examine the causes and improvement measures.

The survey analysis identified “job outlook” as a key factor influencing both stress responses and work engagement. Accordingly, we added specific issues related to “job outlook” to the Group-wide action list so that each section can take specific measures.

Training for Department and Section Managers and Implementation of the PDCA Cycle

In fiscal 2024, we conducted training workshops for managers to formulate measures to improve engagement in each department or section. In the workshops, knowledge needed to create an environment where employees feel motivated and work with enthusiasm are shared, aiming to reinforce the promotional framework.

To reflect on the measures taken and ensure continuous improvement, we organized follow-up training workshops. Prior to these sessions, we conducted pulse surveys (short-term awareness checks) to visualize effectiveness of the programs. Action plans are updated accordingly.

Workshops for managers: reporting results and building action plans

Content	Period
Company-wide results report and organization-specific feedback Report analysis	Immediately after the stress check implementation
Year-end review and formulation/execution of action plans	Until the end of the fiscal year
Workshop ① for action plan refinement	End of fiscal year
Follow-up (effectiveness verification) Workshop ② for action plan refinement	June of the following fiscal year

Future Initiatives

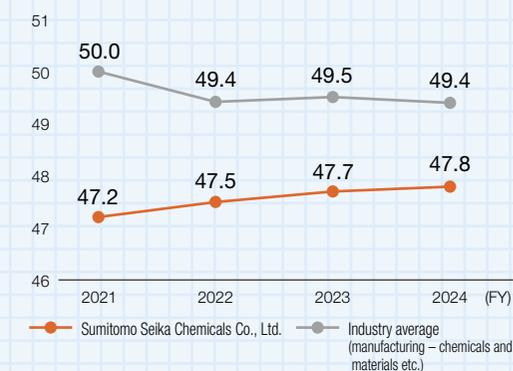
We will verify the effectiveness of these measures based on the results of the engagement survey scheduled for fiscal 2025. We continue our initiatives aiming to reach and surplus the level of employee engagement of the industry average.

Engagement Survey Results

1 Work Engagement

Indicator: the passion or enthusiasm employees have for their jobs, and incorporates factors such as how they progress with their work, relationships with others, and their attitude to work.

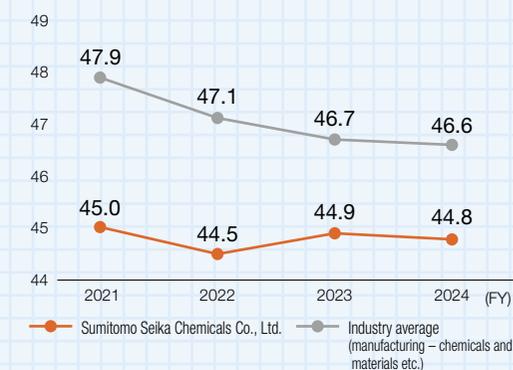
Work Engagement Trend (Standardized Score)



2 Employee Engagement

Indicator: the sense of unity and affection employees have for an organization, including understanding and awareness of corporate vision and strategies, and fit with policies

Employee Engagement Trend (Standardized Score)



*Industry average (manufacturing – chemicals and materials etc.): comparison among 23 companies (FY2024)

Enhancing the Work Environment

(1) Promotion of health and productivity management

We regard the maintenance and improvement of the physical and mental health of employees and their families as a key management priority. As such, we have formulated a Health and Productivity Management Policy to promote a range of initiatives. In cooperation with the Sumitomo Seika Health Insurance Association, we organize health seminars to improve health literacy of the employees.

In fiscal 2024, we reviewed the Health and Productivity Management Strategy Map, which illustrates the link between the issues to be addressed through health and productivity management (including the sustainable growth of the Company) and the measures taken on a daily basis. As management challenges to be addressed through health management, we have identified two key issues: ensuring that employees are in a safe and healthy condition, and that employees work with a sense of purpose and vitality. To resolve these challenges, we have established various health promotion initiatives, as well as the indicators and targets to measure the investment effects of these initiatives.

Basic Policy for Health and Productivity Management

- The Company promotes initiatives for “health and productivity management” so that employees and their families can live with peace of mind
- The Company proactively supports our employees so that they can maintain and improve their health on their own
- The Company works together with the Sumitomo Seika Health Insurance Association and the Sumitomo Seika Labor Union to ensure physical and mental health of employees and their families

Date of enactment : April 1, 2019

Health Seminars

To raise health literacy among the employees, we work with our Health Insurance Association to provide seminars on physical health topics, such as stiff shoulders, lower back pain, and sleep.

Health seminars conducted in fiscal 2024

Month	Theme	Number of Participants
June	Good sleep seminar	111
July	Exercise seminar (prevention of shoulder and lower back pain)	80
November	Women's health seminar (what you should know about menopausal disorders)	60

Health Promotion Committee

To drive our health and productivity management, we established a Health Promotion Committee (held twice a year), where the Executive Officer responsible for the General Affairs and Personnel Office serves as the chair. The Committee members include representatives from the Company, its Labor Union, and the Health Insurance Association, as well as those involved in safety and health issues of the Company. The Committee works in cooperation with external experts such as occupational physicians. Information on health conditions of employees and discussion at the Committee meetings are regularly reported to the Board of Directors (the Management Meeting) to examine issues and countermeasures for promotion of health and productivity management.

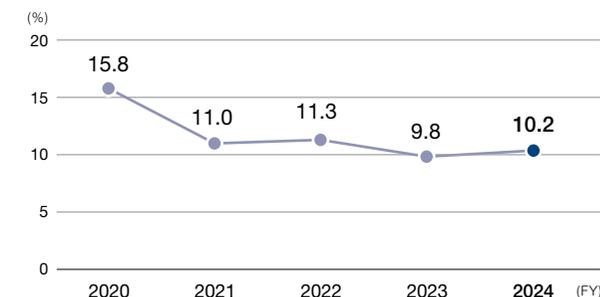
Mental Health Care

We conduct stress checks every year to help prevent mental health disorders among employees. We also provide mental healthcare services, giving employees and their families access to qualified external counselors for workplace and personal consultations. This fiscal year, in order to lower the psychological hurdles to using counseling, we held counseling experience sessions at some of our bases. For next fiscal year, we are planning to increase the number of sites to conduct the experience sessions to help more employees to understand the issue.

Mental health service usage record

	FY2022	FY2023	FY2024
Number of Consultations	94	65	78

Proportion of employees with high stress levels



*Since fiscal 2021, the criteria for identifying high-stress individuals have changed due to a change in the organization conducting the survey

2025 Outstanding Organizations of KENKO Investment for Health

The Company was recognized as an Outstanding Organizations of KENKO Investment for Health under the large enterprise category for the sixth consecutive year. Aiming to be recognized as “White 500*”, we examine more effective measures using feedback from the Survey on Health and Productivity Management and take specific measures.

*A title awarded to the top 500 large-scale corporations recognized as particularly excellent among the “Health & Productivity Management Organizations” certified for their efforts in health management



(2) Promotion of work-life balance (WLB)

We established a Work-life Balance Promotion Committee (held twice a year, members including the representatives of the Company and its Labor Union) to provide a supportive work environment for employees. To support flexible workstyles, we help employees balance work and private life. Specifically, we take such measures as establishing a paternity/maternity leave system, supporting remote work, and expanding the eligibility for childcare leave. We also implement programs to assist employees to take paid vacation days more easily. Additionally, we are promoting initiatives such as extending the mandatory retirement age, improving conditions for re-employed personnel, increasing annual vacation days by revising the shift work system, and reviewing associated allowances.

TALK SESSION

Empowerment of Female Employees

In this discussion, female employees who play active roles at the Company shared their experiences, career development, and perspectives on the working environment. Executive Officer in charge of the General Affairs and Personnel Office served as a moderator. We hope their candid voices help readers understand our current efforts and the direction we are taking to promote female employees' empowerment.



Ratio of female employees

Yamamoto: The ratio of female employees at the Company stands at 17.9% (as of March 2025) or approximately 25%, excluding those who work in shifts in the manufacturing divisions. In recent years, more women have been recruited, especially into the Research & Development Sector resulting in a notable increase in the number of women compared with the past. We do not specifically prioritize women in recruitment; rather, the change is a result of the increase in female applicants who pass the exams.

Tanabe: I indeed have an impression that many women are working in the Research & Development Sector. However, I would say that female employees in the

Research & Development Sector tend to leave the company once they reach a certain age.

Yamamoto: Many of them left due to life events, such as marriage, childbirth, or a spouse's transfer. With this in mind, we have introduced a variety of support measures, including maternity and childcare leave programs. For employees whose spouses are transferred, we established a leave program for those relocating and, where possible, we offer relocation opportunities in line with the spouse's new assignment. Although the number of female employees leaving the company due to life events is decreasing compared with the past, a certain number remains.

Hamagawa: My husband is currently on an extended business trip. When the assignment was told, the leave

program was not yet started. I remember I worried how I could balance his career with my own. Of course, whether you use these programs is a personal decision, but it's reassuring to know that the options are available.

Yamamoto: It's true. At the General Affairs and Personnel Office, we listen carefully to employees and establish, or revise programs as needed to support diverse workstyles.

Our first female General Manager – A big step, but challenges remain

Yamamoto: In fiscal 2024, women accounted for 8% of managers in the Group. While this figure is still not high, it



General Manager of
Chemicals Safety Dept.

HAMAGAWA Miyuki

Joined the Company in 2009 as a mid-career employee. Began career as a researcher of pharmaceutical intermediates at the Material Development Laboratory. Later transferred to the Responsible Care Office, where she oversees the Company's first female General Manager.



Intellectual Property Dept.

OBAYASHI Yuna

Joined the Company in 2018. Initially assigned to the Intellectual Property Department. This is her eighth year at the Company. Currently studying to acquire the necessary qualifications with an aim to become a specialist in intellectual property.



Material Development Laboratory
Super Absorbent Polymers Group

TANABE Yuka

Joined the Company in 2018. Mainly engaged in customer service at the Material Development Laboratory. Currently working on a shorter working hour shift after returning from childcare leave last year. Aims to balance her own goal of developing new products with an efficient workstyle.



General Manager of General Affairs
and Personnel Office

YAMAMOTO Takashi

Joined the Company in 1996. Served at the General Affairs and Personnel Office for more than 20 years. Conducted numerous recruitment interviews and developed various personnel systems. Stationed at a manufacturing site in South Korea until April 2025.



has been steadily increasing. One of the major challenges in promoting women's empowerment has been the limited number of female employees in managerial positions, including General Manager and manager roles. With Ms. Hamagawa's appointment as the company's first female General Manager, however, we have taken a significant step forward in addressing these challenges.

Hamagawa: I remember telling myself at the time, "I'm the first female General Manager here. I cannot afford to fail." Yet, I knew changes had to be made, given the growing momentum behind women's empowerment. I hope to serve as a role model for younger generations while staying true to myself.

Yamamoto: Having a role model within the company, in the similar environment, makes it easier for other employees to understand how they should act and think. By comparing the career ladder of the role model with their own vision for the future, they can have more specific view of their careers. This, in turn, helps the Company to facilitate employee growth and revitalize the organization.

Tanabe: I hope to develop new products in the Research & Development Sector someday, either as a project leader or a group leader. However, we can do experiments only at the lab in the company, which gives me physical constraint. For example, it is difficult for me to work from home. I'm also concerned whether I can manage the demanding responsibilities of a leadership role while raising children. In addition, I don't have a role model nearby.

Hamagawa: In Administration Sector, employees can work

more flexibly. What we should be striving for, however, is ensuring that those in the Research & Development Sector can continue their careers regardless of life events.

Yamamoto: We believe that developing our research staff and giving them opportunities to excel is one of the company's overriding priorities. We will continue discussing how to foster a working environment that enables researchers to sustain their careers through life events. Naturally, this commitment applies to every sector.

Obayashi: Some younger employees today say that, regardless of gender, they are not interested in pursuing managerial positions. When I see how busy my supervisors are, I sometimes feel that the responsibilities would be too heavy a load for me.

Tanabe: Well, yes. Because you can't fully see what your supervisors are doing, it's hard to be confident that you could take on the role yourself.

Hamagawa: I try to show what I do to my staff members as much as possible. By deliberately "visualizing" what I do, I want them to see that I take satisfaction in my work. I hope this will encourage younger people to have aspiration for managerial roles.

The key to empowering female employees lies in individual awareness and relationships of trust

Hamagawa: When I began my career, it was regarded only natural for women to leave the company once they got married. Today, many women continue their careers after marriage, with a much wider range of options available to them. Things are truly different now. Even so, I can still see women struggling with challenges and carry a heavy burden in their mind.

Yamamoto: I believe that we have already introduced nearly all systems and programs generally considered necessary for the empowerment of women. However, simply establishing systems and programs is not the goal. We will continue working to encourage active use of such opportunities, listen carefully to the concerns of female employees, and take responsive action. Equally important is fostering greater awareness among male employees, particularly those in managerial positions. As part of these efforts, we plan to hold a session later this

fiscal year that allows male employees to experience a simulation of menstrual pain.

Obayashi: That's a splendid plan. There was a time when I was experiencing such severe menstrual pain that I considered applying for "F (female) leave" (formerly known as menstrual leave). However, because my supervisor at the time was male, I felt hesitant and instead applied for regular paid leave. It was then that my supervisor informed me of the leave system specifically for women, and from that point I began using it. Looking back, I don't think I would have started using the system if he hadn't made me aware of it.

Yamamoto: It's a delicate issue. It wouldn't happen if you had not had a trusting relationship with your supervisor. To promote the empowerment of women, it's not enough to simply have systems and programs in place. What's truly important is that everyone in the workplace understands the purpose and details of these systems and programs. It is also important to provide an environment where people use the systems and programs without concern. They function effectively only when supported by supervisors' and colleagues' understanding, good daily communication, and consideration for flexible workstyles.

This has been an extremely informative session for me to work on personnel affairs. Thank you very much for your participation.



Responsible Care

Guided by the fundamental safety management philosophy of “Prioritizing safety over everything else,” the Sumitomo Seika Group is committed to ensuring “occupational safety & health,” “disaster preparedness,” “logistics safety,” “chemical substance management,” “environmental protection,” and “quality assurance.”

Responsible Care Activities

“Responsible Care (RC)” refers to a voluntary initiative undertaken by companies handling chemicals to ensure the protection of the environment, health, and safety throughout the entire life cycle—from development to disposal—of chemicals and chemical products. It also encompasses the disclosure of outcomes and communication with society. Chemical companies in approximately 70 countries participate in this global initiative.

By signing the Responsible Care Global Charter, we have pledged to conduct our activities in line with the RC principles.

In promoting RC activities, we have added “quality” to “environmental protection, health, and safety” as a key focus area, with each department working toward its respective targets.



Environmental Initiatives >>> P.46

Climate Change Initiatives >>> P.48

Occupational Safety & Health / Disaster Preparedness / Logistics Safety >>> P.53

Chemical Substance Management >>> P.55

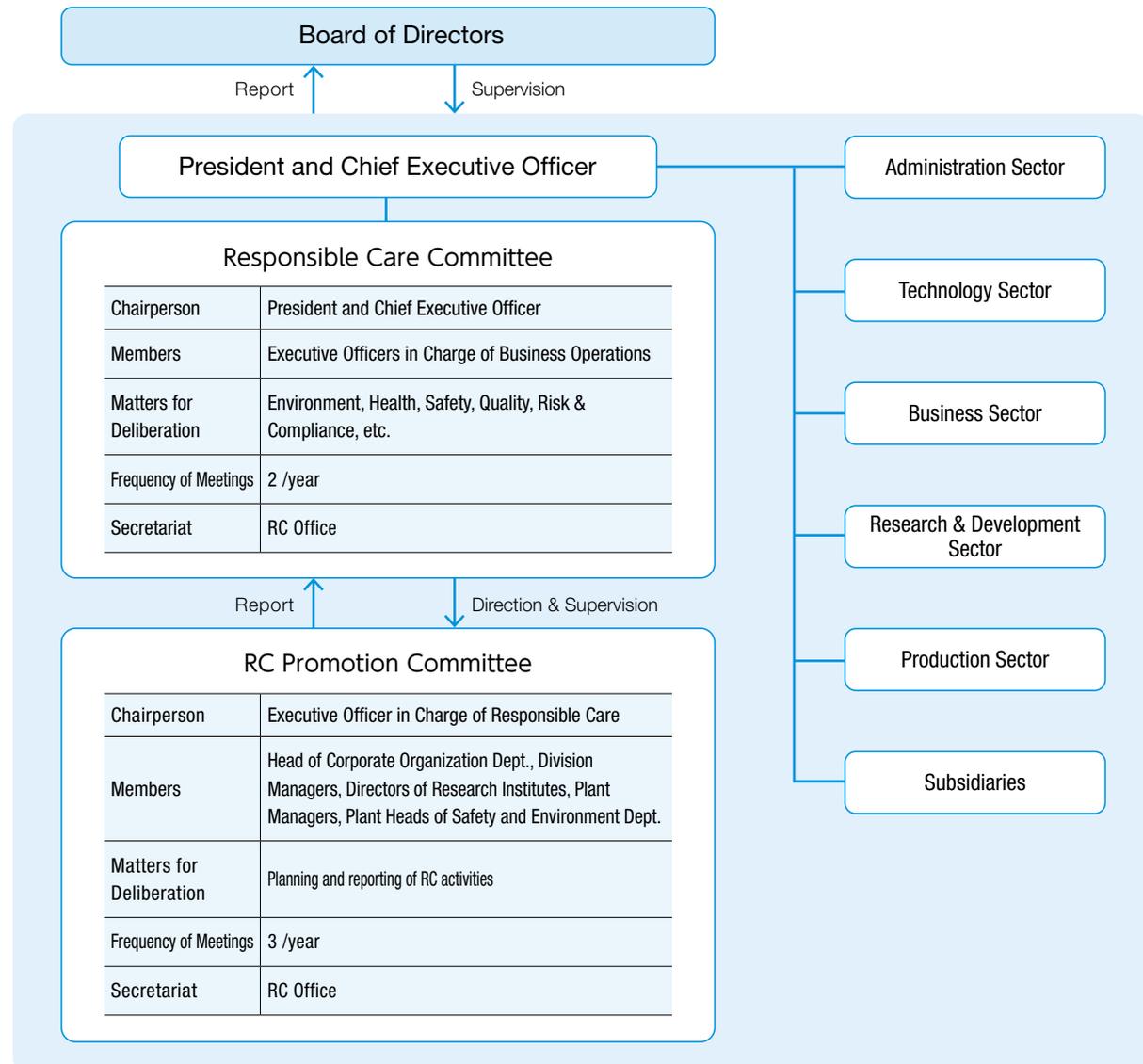
Relationship with Local Communities & Society >>> P.56

Quality Initiatives >>> P.58



Responsible Care Framework

In line with the Basic Policies on Sustainability (>>> P.34), our Responsible Care Committee convenes to deliberate on and approve the formulation of the Group’s annual plans covering a wide range of issues, including the environment, health, safety, quality, risk management, and legal and ethical compliance.



Environmental Initiatives

Note: The scope of the matters described in this section is limited to domestic sites.

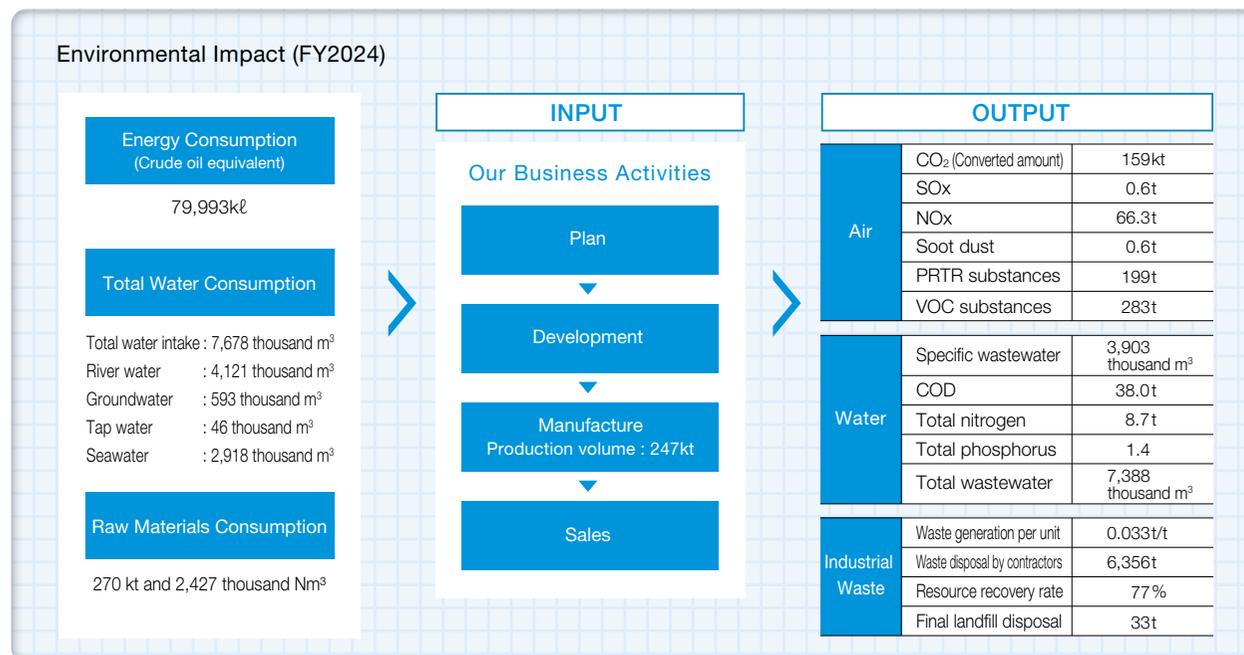
Energy Conservation

We monitor and manage energy consumption per unit of production of our representative products (specific energy consumption) to achieve reductions. In fiscal 2024, while our target was a 1% reduction from the previous fiscal year, specific energy consumption decreased only by 0.3% year on year despite our efforts to streamline manufacturing processes and replace equipment with more energy-efficient models. This limited improvement was attributable to increased operation of production equipment with relatively high specific energy consumption and changes in the product mix.

Conserving the Atmosphere and Water Environments

To conserve atmospheric environment, we are working to reduce emissions of substances regulated by the Air Pollution Control Act (soot and smoke, volatile organic compounds [VOCs]) and the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (Pollutant Release and Transfer Register [PRTR]). We maintain soot and smoke concentrations below the emission standards established under the Air Pollution Control Act, successfully keeping total emissions beneath the levels agreed upon with the local governments in our host communities. VOC emissions decreased by 2% compared with the previous fiscal year. However, heptane emissions increased by 16% during the same period. Meanwhile, emissions of ethylene oxide which is one of the PRTR substances fell by approximately 70% to 0.18 tons per year, following the start of operations of ethylene-oxide combustion equipment in fiscal 2024.

In terms of water quality and environmental conservation, each domestic factory rigorously manages the discharge amounts of water pollutants (chemical oxygen demand [COD], total nitrogen, and total phosphorus) into adjacent seas and lakes. Regarding the freshwater intake and COD at three domestic factories, we have set targets to reduce each by 6% by 2030. In fiscal 2024, the freshwater intake was reduced by 2.9%, and COD emissions were reduced by 10.8% compared with fiscal 2022.

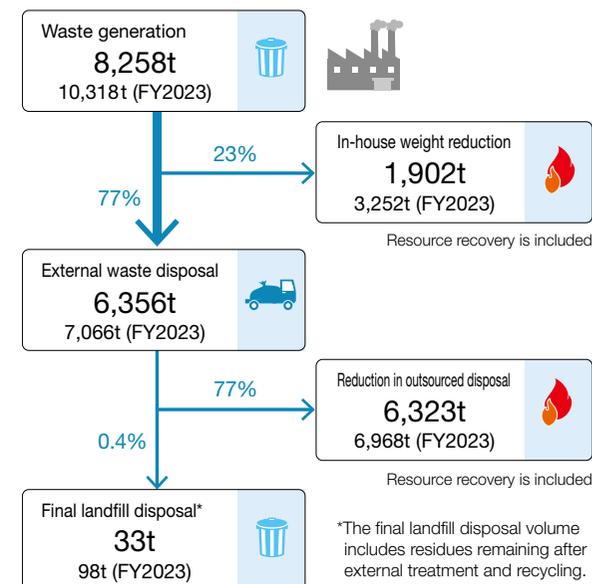


Waste Treatment and Management

In compliance with the Act on Waste Management and Public Cleaning, we continue working to reduce the amount of waste generated to minimize environmental impact.

In fiscal 2024, the final volume of waste sent to landfill was 33 metric tons which is 0.4% of total waste generated. By enhancing recycling efforts, the volume decreased by approximately 70% compared with the previous fiscal year, achieving our voluntary target of keeping landfill disposal below 1% of total waste generated.

Waste Disposal (FY2024)

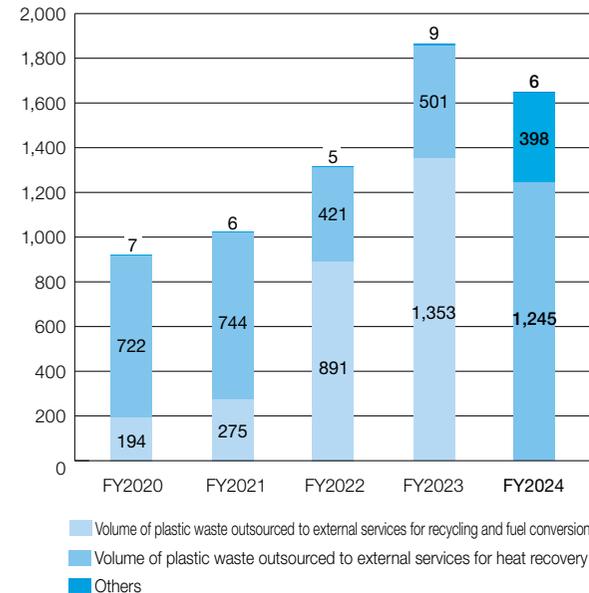


Discharge Regulation and Resource Recovery of Plastic and Other Waste

The Company is classified as a large-quantity generator (generating 250 metric tons or more of plastic waste annually) under the Act on the Promotion of Resource Circulation for Plastics. Over the past five years, the resource recovery* rate of plastic waste has remained at 99% or higher, primarily through waste-to-energy incineration and raw fuel conversion. The total generation of plastic waste and related materials (in volume) decreased from previous fiscal year, owing to fewer production equipment failures.

Amount of Plastic and Other Waste Generated

Waste volume (t)



Waste Generation and Resource Recovery Rate of Plastic and Other Waste

	FY2020	FY2021	FY2022	FY2023	FY2024
Waste generation (t)	922	1,025	1,317	1,863	1,649
Resource recovery* rate (%)	99.2	99.4	99.6	99.5	99.6

*Resource recovery : treatment through outsourcing to external services for "recycling and fuel conversion" and "heat recovery".

Environmental Accounting and Economic Impact

(millions of yen)

Classification of Environmental Conservation Cost		FY2022		FY2023		FY2024	
		Investment	Expenses	Investment	Expenses	Investment	Expenses
Business Area Costs	Pollution Prevention Costs	2	250	39	270	109	260
	Global Environmental Conservation Costs (Global Warming, Energy Saving)	149	2,468	207	3,147	231	3,227
	Resource Circulation Costs	8	359	0	397	1	360
Upstream/Downstream Costs		0	11	0	39	0	38
Administrative Activity Costs		2	227	0	249	15	252
R&D Costs		13	167	38	232	3	277
Social Activity Costs		0	2	0	2	0	2
Environmental Remediation Costs		0	0	0	0	0	0
Total		174	3,484	284	4,336	359	4,416
Economic Impact		239		305		358	

• Scope: non-consolidated

• Calculation method: Investment amounts, running costs, and other expenses are calculated by allocating the proportion related to environmental conservation from actual expenses.

Performance Data by Plant

		Befu Works	Himeji Works	Chiba Works
Energy (crude oil equivalent)		10,513kℓ	67,654kℓ	1,756kℓ
Air	CO ₂ (Converted amount)	28.6kt	128.1kt	2.4kt
	SO _x	0.6t	—	—
	NO _x	5.0t	60.8t	0.5t
	PRTR substances	0.9t	190.5t	7.6t
Specific Wastewater	Discharge volume/destination	1,702 thousand m ³ / Marine area	1,943 thousand m ³ / Estuarine area	257 thousand m ³ / River area
	COD	23.2t	14.3t	0.5t
Industrial Waste	Waste generation	4,450t	3,694t	114t
	Resource recovery rate	57.5%	100%	98.2%
	Final landfill disposal	29.0t	3.6t	0.1t

Climate Change Initiatives

Frequent abnormal weather patterns, rising sea levels, and changing ecosystems—Climate change is threatening our ways of life and the sustainable development of businesses. As global warming intensifies, there are growing concerns that these consequences will spread further. In response, the Sumitomo Seika Group has drawn up a policy on achieving carbon neutrality and is working to reduce our greenhouse gas (GHG) emissions. We will also strengthen the resilience of our business activities by working to avoid or mitigate the climate-related risks predicted to emerge.

Policy and Targets

Carbon Neutrality Policy

Addressing carbon neutral is one of the significant issues which is unavoidable for our sustainable growth. Going forward, we will actively promote efforts to reduce greenhouse gas (GHG) emissions and contribute to realize the carbon neutral society by 2050.

1.Reducing GHG emissions from our business activities

We will endeavor to minimize the GHG emissions we generate as part of our production activities, while deploying these technologies across our group companies.

2.Supplying low-GHG products and environmentally friendly products

The Group will drive innovation for GHG emission reduction in the products and services we offer, and provide products and solutions that contribute to carbon neutrality from the perspective of Life Cycle Assessment (LCA).

3.Contribution to carbon circular society

To coexist with local communities and society while realizing a circular economy, we will continuously pursue technological innovations for the capture, utilization, and sequestration of GHGs. Furthermore, by collaborating with diverse stakeholders, we aim to advance the deployment of these technologies in society and actively promote this goal.

Date of enactment : July 1, 2022

Targets

● Scope 1 and 2 GHG emissions reduction

- By 2033, reduce emissions by 54.6% or more vs FY2022 on a Group basis (validated by SBTi* in July 2024); and by 46% or more vs FY2013 on a non-consolidated basis by 2030
- By 2050, achieve carbon neutrality

● Scope 3 GHG emissions reduction

- For Category 1 (purchased goods and services) and Category 12 (end-of-life treatment of sold products), reduce emissions by 32.5% vs FY2022 by 2033 (validated by SBTi* in July 2024)
- Identify priority issues (hot spots) by conducting life cycle assessments (LCA) for each product to enhance supplier engagement in order for continued reduction efforts
- Calculate carbon footprints (CFP) of all products to share the data with customers when requested, and identify priority issues for our own products to reduce GHG emissions

● Initiatives for technical innovation

- Innovating our products and technologies to contribute to a carbon-neutral society
- Develop CO₂ separation and recovery technologies
- Develop super absorbent polymers (SAP) recycling technology
- Develop a low-GHG-emissions process for SAP manufacturing
- Expand the environmentally friendly product lines

*SBTi(Science Based Targets initiative)

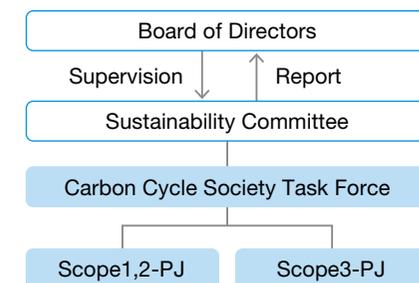
Organizational Structure

We have established the Carbon Cycle Society Task Force under the Sustainability Committee.

In addition, we have organized project teams (“the PJs”) for targets shown on the left and are working to achieve the targets.

One of our targets “initiatives for technical innovation” had been addressed by the Task Force until fiscal 2024 before the R&D Sector replaced the role in fiscal 2025.

The progress toward the Group’s carbon neutrality targets, as well as the achievements and challenges of the Task Force activities, are deliberated by the Sustainability Committee and supervised by the Board of Directors.



Greenhouse Gas Emissions

1) Scope1+Scope2

(kt-CO₂)

	FY2021	FY2022	FY2023	FY2024
Group	282	286	252	246
Non-consolidated	187	185	159	159

2) Scope3

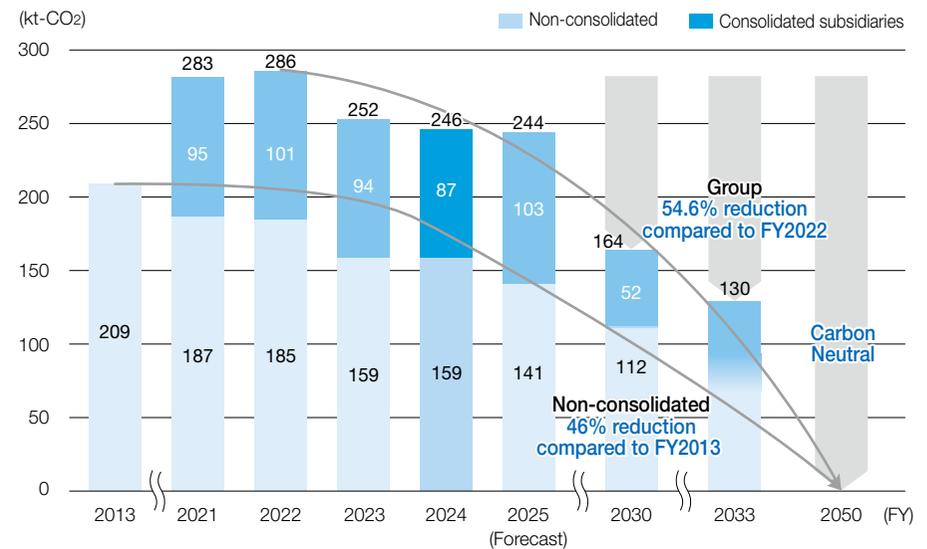
(kt-CO₂)

Category	FY2021	FY2022	FY2023	FY2024
1. Purchased goods and services	998	1,011	1,051	859
2. Capital goods	6	14	26	33
3. Fuel and energy-related activities (Not Included in Scope 1 or Scope 2)	59	59	57	55
4. Upstream transportation and distribution	43	37	38	44
5. Waste generated in operations	7	7	9	8
6. Business travel	0.1	0.1	0.1	0.1
7. Employee commuting	0.5	0.5	0.6	0.6
8. Upstream leased assets	—	—	—	—
9. Downstream transportation and distribution	11	10	11	11
10. Processing of sold products	—	—	—	—
11. Use of sold products	242	188	285	211
12. End-of-life treatment of sold products	438	446	458	483
13. Downstream leased assets	—	—	—	—
14. Franchises	—	—	—	—
15. Investments	1	1	1	0.9
Total	1,810	1,778	1,941	1,710

GHG Emissions Reduction: Achievements and Plans

1) Scope1+Scope2

In fiscal 2024, we reduced our GHG emissions by approximately 6 kt-CO₂ from the previous year to 246 kt-CO₂. We will continuously promote GHG emissions reduction by implementing energy conservation activities, further streamlining the production process, and introducing renewable electricity sources in fiscal 2025 and beyond.



2) Scope3

For Scope 3 GHG emissions, we calculated emissions for all categories (C1 to C15) on a consolidated basis.

We also conducted an engagement survey with key suppliers for SAP, our mainstay product, to collect information on their emissions reduction measures. The data collected are used in our emission calculations.

Theoretical Scenario Analysis

We have identified and analyzed risks and opportunities that will arise if global warming continues, in line with +4°C or +1.5°C global temperature rises. In this scenario, we have referenced the long-term scenarios (IEA-NZE20501, IPCC-AR6, SR1.5, SSP5-8.5, etc.) published by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC). We have also evaluated the degree of impact that the main risks and opportunities would have on the Sumitomo Seika Group, and are now looking into countermeasures for these.

Physical risks (in a +4°C world): Medium-to-long term to long term			
Changes to society	Major risks	Impact	Main responses
Growing severity of climate-related disasters (Heavy rain, tropical cyclones, etc.)	<ul style="list-style-type: none"> ● Halt to business activities due to water ingress risks (flooding, high tides, high waves, etc.) • Long-term halts at production sites • Severed supply chain 	Medium	<ul style="list-style-type: none"> ● Continuously strengthen BCP measures • Bolster water ingress countermeasures at major sites • Reinforce the supply chain
Rising temperatures Water shortages or worsening water quality	<ul style="list-style-type: none"> ● Dropping productivity due to worsening working environments ● Dropping operating rate due to shortages and worsening quality of water 	Medium	<ul style="list-style-type: none"> ● Continuously improve working environments ● Understand and work to combat water stress
Transitional risks (in a +1.5°C world): short-to-medium term to medium-to-long term			
Changes to society	Major risks	Impact	Main responses
Stricter measures/regulations	<ul style="list-style-type: none"> ● Major increase in related infrastructure and technology development investments in case of raised NDC targets ● Increase in costs that go along with introduction of new measures or regulations, such as for higher carbon pricing 	High	<ul style="list-style-type: none"> ● Promote GHG emissions reductions • Saving energy, streamlining process, CO₂ separation and recovery, energy transition, etc.
Technology innovations	<ul style="list-style-type: none"> ● Major increase in energy costs ● Major increase in prices connected to moving to non-oil-based raw materials 	High	<ul style="list-style-type: none"> ● Minimize energy and material consumption • Streamline super absorbent polymer processes and develop recycling technologies • Develop carbon recycling technologies, such as CCU (technology that utilizes separated and recovered CO₂)
Market changes	<ul style="list-style-type: none"> ● Stronger calls for reductions to environmental impact ● Appearance of new rivals with new competitive angle 	High	<ul style="list-style-type: none"> ● Reduce carbon footprint for each product ● Develop environmentally friendly products
Opportunities (limiting rise to +1.5°C): medium to medium-to-long term			
Changes to society	Major opportunities	Impact	Main responses
Increased energy efficiency	<ul style="list-style-type: none"> ● Increased demand for energy-related materials 	High	<ul style="list-style-type: none"> ● Develop materials for batteries and semiconductors
Transition to a recycling-oriented society	<ul style="list-style-type: none"> ● Expanded needs for gas separation and recovery ● Increased demand for products that help reduce environmental impact, such as recycled products 	High	<ul style="list-style-type: none"> ● Improve performance of PSA and expand the PSA business ● Develop recycling technologies

Identification of Measures for Water-Related Risks

Securing stable supply of high-quality water for the future significantly affect the business sustainability of the Group, a chemical product manufacturer. Therefore, we see that it is important to identify water-related risks at each of our production sites and take appropriate measures.

We have assessed the probability of water-related risks and the level of potential impact of water stress at all our production sites applying the SSP5-8.5 scenario*1 to WRI Aqueduct*2 since fiscal 2023. The results of the assessment in fiscal 2024 are shown in the table below.

While the likelihood of serious water-related risks at our factories in Japan and abroad is

currently low, we expect these risks to increase as global warming progresses.

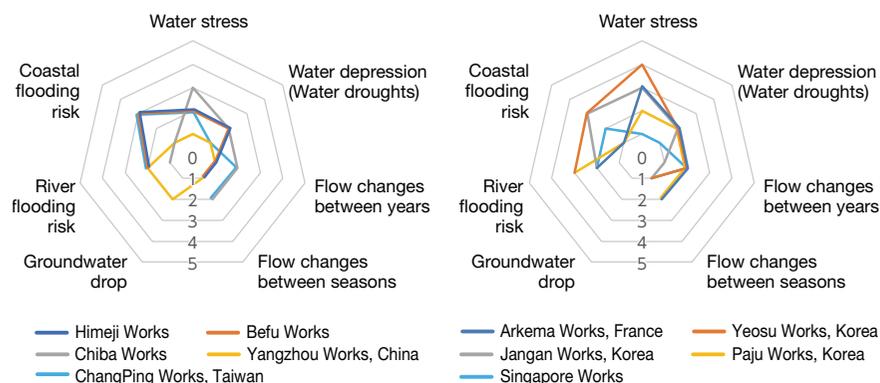
Especially at production sites in coastal areas, the rising risks such as flooding and high tides are concerned. We are examining and implementing appropriate measures to address these risks by updating our risk assessments based on hazard maps and other information.

Specifically, at Befu Works and Himeji Works, where we have identified increasing possibilities for medium- or long-term risks of water submerge of the facilities, we are implementing measures such as raising the land, building water barrier walls, and securing spare machine. These measures are planned to complete in five years starting from fiscal 2024.

*1:A scenario for maximum GHG emissions prepared by the Intergovernmental Panel on Climate Change (IPCC) under assumptions that fossil-fuel dependent development continues with no climate-related measures taken.

*2:An assessment tool for measuring water risks provided by the World Resources Institute (WRI).

Assessment of Water-Related Risks



	Water stress	Water depression (water droughts)	Flow changes between years	Flow changes between seasons	Groundwater drop	River flooding risk	Coastal flooding risk
Himeji Works	2	2	1	1	—	2	3
Befu Works	2	2	1	1	—	2	3
Chiba Works	3	2	2	2	—	1	1
Yangzhou Works	1	1	1	1	2	2	1
ChangPing Works	2	1	2	2	—	2	3
Arkema Works	3	2	2	2	—	2	1
Yeosu Works	4	2	2	1	—	3	3
Jangan Works	3	2	1	1	—	2	3
Paju Works	2	2	2	2	—	3	1
Singapore Works	1	1	2	1	—	2	2

Assessment of Water Stress (Water Scarcity)

(Assessed using WRI Aqueduct)

	Company	Baseline (current)	2050 Forecast (SSP5-8.5)
Himeji Works	Sumitomo Seika Chemicals Co., Ltd.	Low to medium	Low to medium
Befu Works	Sumitomo Seika Chemicals Co., Ltd.	Low to medium	Low to medium
Chiba Works	Sumitomo Seika Chemicals Co., Ltd.	Medium to high	Medium to high
Yangzhou Works	Sumisei Technology (Yangzhou) Co., Ltd.	Low	Low
ChangPing Works	Sumisei Taiwan Technology Co., Ltd.	Low to medium	Low to medium
Arkema Works	Toll Manufacturing	Medium to high	High
Yeosu Works	Sumitomo Seika Polymers Korea Co., Ltd.	High	Medium to high
Jangan Works	Sumisei Chemical Co., Ltd.	Medium to high	Medium to high
Paju Works	Sumisei Chemical Co., Ltd.	Low to medium	Medium to high
Singapore Works	Sumitomo Seika Singapore Pte. Ltd.	Low	Low

Conservation of Biodiversity

In our Environmental Policy, we declare that we will make every effort to mitigate negative impacts on biodiversity arising from our business activities while also endeavor to maximize positive impacts.

In fiscal 2024, we assessed the proximity of all production sites within the Group (10 sites in Japan and abroad) to biodiversity-rich and protected areas (surveyed proximity within a 5-km radius using IBAT^{*1}).

The survey confirmed that none of our production sites is in proximity to areas under

IUCN Categories^{*2} Ia, Ib, II, and III, or to wetlands designated under the Ramsar Convention^{*3}, where strict protection is required. On the other hand, the survey also confirmed that eight sites are in proximity to areas under IUCN Categories IV, V, and VI and that three sites are in proximity to IBAs^{*4} within KBAs^{*5} as shown in the table below.

Fully aware that we are engaged in production activities in these environmentally important areas, we will continue our efforts to mitigate negative impacts on biodiversity and to maximize positive impacts.

A number of biodiversity-rich and protected areas close to production sites of the Group (As of March 4, 2025)

Company	Production site	Location	IUCN categories ^{*2}	wetlands designated under the Ramsar Convention ^{*3}	Key Biodiversity Areas ^{*4}
Sumitomo Seika Chemicals Co., Ltd.	Himeji Works	Himeji City, Hyogo, Japan	4 (IV, VI)	0	0
Sumitomo Seika Chemicals Co., Ltd.	Befu Works	Kako-gun, Hyogo, Japan	2 (IV, VI)	0	0
Sumitomo Seika Chemicals Co., Ltd.	Chiba Works	Yachiyo City, Chiba, Japan	3 (IV, V)	0	0
Sumitomo Seika Europe S.A./N.V.	Arkema Works (Toll Manufacturing)	Saint-Avold, France	2 (IV)	0	0
Sumitomo Seika Polymers Korea Co., Ltd.	Yeosu Works	Yeosu-si, Jeollanam-do, Korea	2 (IV, VI)	0	0
Sumisei Chemical Co., Ltd.	Jangan Works	Hwaseong-si, Gyeonggi-do, Korea	1 (IV)	0	1 (IBA ^{*5})
Sumisei Chemical Co., Ltd.	Paju Works	Paju-si, Gyeonggi-do, Korea	3 (IV, VI)	0	1 (IBA)
Sumisei Technology (Yangzhou) Co., Ltd.	Yangzhou Works	Yizheng City, Jiangsu Province, China	0	0	0
Sumisei Taiwan Technology Co., Ltd.	ChangPing Works	Siansi Township, ChangHua County, Taiwan	2 (IV)	0	1 (IBA)
Sumitomo Seika Singapore Pte. Ltd.	Singapore Works	Sakra Rd, Singapore	0	0	0

^{*1} IBAT : Integrated Biodiversity Assessment Tool

A biodiversity assessment tool established by BirdLife International, the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), the International Union for Conservation of Nature (IUCN), and Conservation International (CI).

^{*2} IUCN Categories :

Categories established by IUCN and assigned to areas legally protected by national governments. These are based on the management objectives of protected areas and enable international comparison across national protected area networks.

Ia: Strict Nature Reserve; Ib: Wilderness Area; II : National Park; III : Natural Monument; IV : Habitat/Species Management Areas; V : Protected Landscape; VI : Managed Resource Protected Area.

^{*3} Ramsar site : Wetlands designated and managed by respective countries in accordance with international standards stipulated in the "Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)."

^{*4} IBA (Important Bird And Biodiversity Area) : Sites that are globally important for the conservation of bird populations.

^{*5} KBA : Key Biodiversity Areas

Areas identified as making significant contributions to global persistence of biodiversity. Sites that meet one or more of the 11 criteria, which are categorized in five groups (threatened biodiversity, geographically restricted biodiversity, ecological integrity, biological processes, and irreplaceability) are recognized as global KBAs.

Occupational Safety & Health / Disaster Preparedness / Logistics Safety

Guided by the fundamental safety management philosophy of “Prioritizing safety over everything else,” we are dedicated to preventing industrial accidents. We also take proactive measures to prevent equipment accidents, chemical incidents during transport, and fires and leaks of hazardous substances that may occur accompanied by natural disasters.

Occupational Safety & Health

To achieve zero industrial accidents, we are committed to creating a safe and secure workplace based on our occupational health and safety management system. Our initiatives include risk assessments, pre-operation KY (kiken yochi, or risk prediction) routines, addressing and preventing near-miss incidents, minimizing exposure to chemical substances, safety patrols by managers across different workplaces, and preventing accidents during construction work. To strengthen employees’ awareness of potential hazards, we introduced “Safety Experience Training” in fiscal 2023, where specialized equipment is used to simulate serious workplace accidents. By the end of fiscal 2025, all employees at our plants in Japan will have completed the training.

In fiscal 2024, there were three lost-time accidents and one non-lost-time accident for the Sumitomo Seika Group and partner companies combined. The three lost-time accidents involved a fall on the stairs inside a train station, an intervertebral disk injury while handling heavy goods, and a fall while moving metal drums. The non-lost-time accident occurred when an employee slipped on the facility floor. In response, we investigated the causes and implemented measures to prevent recurrence. At the same time, we again reminded employees of the Group’s fundamental safety principles, “Pause and then take a deep breath before starting work” and “Bring each other’s attentions to any unsafe behavior.” We also share these initiatives across the organization to prevent similar accidents at other workplaces.

A recent trend we have noticed is that the number of accidents involving young employees (including minor injuries that do not require treatment) is increasing. In response, we provided managers and supervisors who directly oversee and guide younger operators with opportunities to improve their leadership skills. To achieve the goal of zero industrial accidents, we will continue working together across the Group to promote safety initiatives.

From a hygiene perspective, we strive to create a workplace environment where employees can continue to work in good physical and mental health. We conduct regular health checks for employees and encourage secondary medical examinations. To prevent the spread of infectious diseases, we encourage employees to take flu vaccinations. Furthermore, to reduce the risk of employees leaving their jobs due to non-work-related injuries or illness, we carry out stress checks and provide mental health training to reinforce our mental health management. Each of our plants is also reinforcing heatstroke prevention measures by securing items such as oral rehydration solutions, salt candies, and cooling sprays so that each workplace has an easy access to these items. We monitor the heat index (Wet-Bulb Globe Temperature: WBGT) and issue alerts to all employees through the public address system. In addition, we prescribe precautions against heat illness by setting maximum continuous working hours and mandatory break times according to the type of work. By ensuring that these measures are incorporated into field work planning, we strive to prevent heatstroke and raise operators’ awareness of the risks associated with working in intense heat.



Safety Experience Training (Chiba Works)

Disaster Preparedness

Aiming for zero safety incidents, including fires, explosions, and leaks of hazardous substances, we take measures to reduce risks. Also, we inspect and replace facilities and equipment in our planned maintenance to prevent accidents resulted from deterioration of facilities and equipment. Through these measures, we ensure safe and stable operations. In addition, as part of our preparedness for natural disasters, we are systematically implementing seismic reinforcement projects and further strengthening the earthquake resistance of our facilities.

In fiscal 2024, we had one case of safety incident, which involved a hazardous substance leak within the premises. No leaks to public areas were observed, and the cause was traced to aged pipe joints. Accordingly, we inspected the relevant piping systems and carried out repairs and other necessary measures. We remain committed to preventing safety incidents through risk assessments aimed at risk reduction, reviews of past accidents and issues, and disaster drills and other preparedness activities for accidents. As part of these drills, we conduct exercises to respond to various situations, including “drills without a scenario,” where participants do not know any details of the accident, and drills assuming hours with minimal staffing, such as during nighttime or holidays. With these drills, we enhance our overall level of disaster readiness.



Injured Person Rescue and First Aid Training (Himeji Works)



Firefighting Water Discharge Training (Himeji Works)



Providing first aid to an injured person during a joint drill with the public fire department (Befu Works)

Logistics Safety

We keep working to ensure safe and reliable transportation through close collaboration with our partner companies.

Specifically, we provide safety education to our logistics contractors, conduct training that simulates potential accidents during transportation, and offer guidance on proper loading and securing practices. Furthermore, in the event of extreme weather conditions, we respect the decisions made by our logistics contractors regarding whether to continue operations — including suspending transportation — and work to establish a logistics framework that places the highest priority on ensuring safety.

Furthermore, we are working to reduce working hours of drivers by increasing cargo lot sizes and promoting modal shifts (transition to rail or marine transport), while also implementing measures to further enhance driver safety during cargo handling at delivery destinations.



Security and Safety Training for logistics contractors (Chiba Works)

Chemical Substance Management

The Sumitomo Seika Group implements rigorous chemical substance management in all business activities to ensure compliance with relevant laws and regulations in Japan and overseas.

Approaches to Chemical Substance Management

In countries around the world, laws and regulations governing the use of chemical substances are being tightened to conserve the global environment and to protect human health and lifestyles.

These regulations cover not only finished products but also the chemical substances used in manufacturing processes or contained in products.

We identify the chemical substances contained in our products, including sanitary, medical, and cosmetic items, as well as those that come into contact with food, i.e., products that may significantly affect human health and the environment. We evaluate the identified chemicals for safety to comply with all applicable laws and regulations. We also study substances that may become subject to regulations in the future and examine their use in our products.



Chemical Substance Management Methods

Chemical substance management requires assessment of the risks the chemicals pose. Then, we must reduce potential hazardousness (by discontinuing use, switching to alternatives, etc.) or lower exposure levels (by decreasing concentrations in products, reducing frequency of use, or using protective equipment, etc.) to within permissible levels.

The Group analyzes and identifies the chemical substances contained in its products and evaluates the risk of each substance by acquiring scientific data on their hazards and toxicity and conducting safety tests on its products. Based on the results, we work to minimize risks by reducing the amounts of substances used or replacing them with safer alternatives.

When distributing products overseas, we collect information from official publications and experts on laws and regulations in each country restricting the use of chemical substances. By filing the necessary registrations and notifications, we ensure full compliance with the laws and regulations of each country where our products are sold.

Major laws and regulations currently being addressed in fiscal 2025

Countries/regions	Laws/regulations
Ukraine	UA-REACH
Europe	EU-REACH (amended)
Brazil	Brazil REACH (enforced)
Vietnam	Law on Chemicals (amended)
South Korea	K-REACH

Our Initiatives in Fiscal 2024

In fiscal 2024, we continued collecting information on laws and regulations related to chemical substances. Through consultation with experts, we filed the necessary registrations in compliance with safety management laws governing the manufacture, import, and use of chemical substances, and submitted notifications required under each country's application-specific regulations (covering cosmetics, food-contact materials, biocides, pharmaceuticals, etc.), as well as under nanomaterial regulations. We also gathered information on plastic and microplastic regulations in Europe, which potentially have a significant impact on our business.

From the perspective of product stewardship*, we strive to substitute or reduce certain chemical substances while simultaneously monitoring those that may become regulated in the future and evaluating appropriate responses.

* Product stewardship:

Activities for protecting human health and the environment according to the degree of the risks assessed throughout all stages of the product life cycle, including the supply chain, from development and manufacture to transportation, final consumption, disposal, and recycling of chemical substances.

Source: GPS/JIPS portal, Japan Chemical Industry Association

Relationship with Local Communities and Society

We actively participate in community events, invite local residents to observe our disaster preparedness drills, and provide learning and work-experience opportunities.

Participation in Community Events

In August 2024, we participated in “Summer Edutainment,” a family hands-on learning event organized by the local government of Harima-cho, Kako-gun, Hyogo, where our Befu Works is located. This marked our 12th participation in the event.

In fiscal 2024, we were also invited to teach a class at “Let’s Play School!”, a new educational event sponsored by the Harima-cho Board of Education.

At both events, we used common household materials such as wax and laundry starch to make food replicas and slime, and demonstrated magical experiments using our super absorbent polymers.



Summer Edutainment (Befu Works)



Let’s Play School! (Befu Works)

Interactions with Community Members

■ Invitation to Disaster Preparedness Drills

As part of our efforts to promote information disclosure and strengthen communication with our host communities, we invite local residents to observe our disaster preparedness drills. This provides an excellent opportunity for us to introduce our disaster mitigation efforts to local residents and receive their feedback.

Disaster preparedness drills (Befu Works)



Local residents observing the drills



Discussions with local residents

■ Opening Sports Ground to Residents

We invite local residents to use our sports ground for a variety of activities, including sports days for nearby nursery schools and “ground golf” events organized by senior members of neighborhood community associations.

Our Befu Works has signed the Agreement on Support and Cooperation at the Times of Disaster with its host municipality, Harima-cho. This agreement allows us to give the local communities access to our sports ground and other facilities to use as evacuation sites or disaster supply distribution centers in the event of a major disaster.

■ Community Cleanups and Beautification Activities

Each factory regularly conducts events to clean up roads and other areas surrounding the factory site.



Sports ground open to residents (Befu Works)

Educational Activities and Work Experiences

We organize work experience programs for students, offering valuable opportunities for them to explore academic interests and consider future career paths. In fiscal 2024, we welcomed seven junior high school students through “Try-Yaru Week,” a work experience program organized by the Hyogo Prefectural Government. We also hosted internships for students from high schools, technical colleges, and universities. Including online participants, a total of approximately 150 students took part.

The internship mainly focuses on group work, where students devise and present their own business models,

helping them envision practical tasks. The participating students provided feedback, sharing comments such as, “I learned the importance of financial perspectives in research and development, which broadened my horizons,” “It was great to learn about concepts like budget management and resource allocation,” and “It was a fascinating experience that helped me understand how research and development contributes to solving social issues.”

We hope these activities inspire students to envision themselves in the workplace and help them make informed decisions about their future career paths.

Try-Yaru Week



Participation banner (Befu Works)



Field training (Befu Works)



Quality assurance training (Himeji Works)

Internships



Pre-fire drill briefing (Himeji Works)



Quality assurance classroom training (Himeji Works)



Financial training (Osaka Office)

Other Initiatives

Monetary Donations

Since fiscal 2021, we have participated in Love Walk, a walking event organized by the Japan Committee for UNICEF (JCU), from the perspectives of health and productivity management as well as social contribution. To return the outcomes of our health promotion activities to society, we counted every 1,000 steps taken by participants as one yen and donated the equivalent amount to the JCU, together with additional employee contributions.

In fiscal 2024, the total number of participants increased by 20% from the previous year, and the Company’s donation amount—calculated based on the total number of steps—exceeded the previous year’s level.

In the event when earthquakes, floods, or other natural disasters cause extensive damage, either in Japan or abroad, we make monetary donations and encourage our officers and employees to privately make contributions.

In fiscal 2024, we implemented a matching gift program, through which the Company made matching amount of donations with donations made by our officers and employees. These donations supported those affected by the 2024 Noto Earthquake, the heavy rain of July 2024, the torrential rain in Noto area in 2024, and the 2025 Ofunato wildfire in Japan, as well as the 2024 Hualien earthquake in Taiwan. We remain committed to providing donations and delivering relief supplies for people living in disaster-afflicted areas.

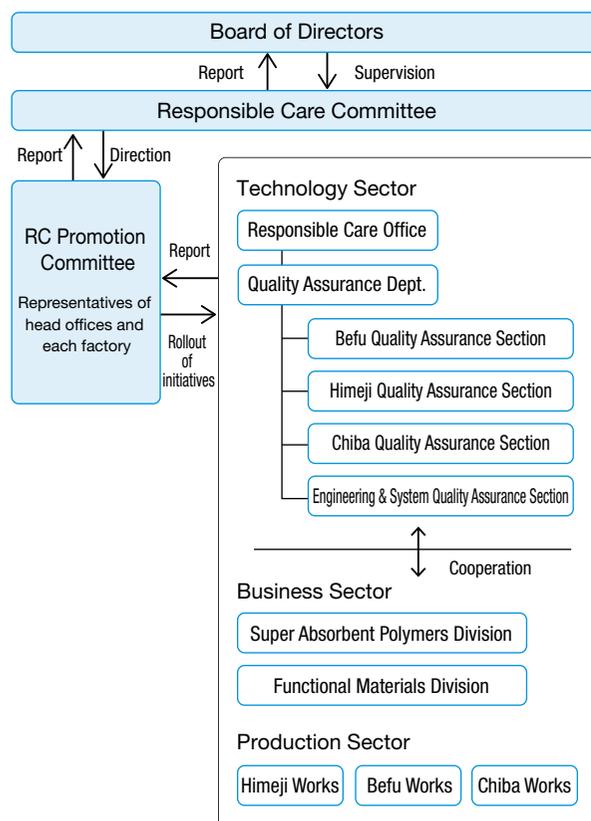
Blood donation

We host blood drives for the Red Cross Blood Center at our sites. Each time, many employees—more than 280 in fiscal 2024—volunteer to participate.

Quality Initiatives

We came to learn that one of our Group companies changed raw material suppliers without obtaining approval from the customer for several years up to fiscal 2024. They were mischarging the customer for the product without reflecting the change of the materials. In response, the Group will review and strengthen its product quality assurance framework, including procedures related to changes that may affect product quality, such as change of raw material supplier.

Quality Assurance Framework



- In fiscal 2025, responsibilities for quality assurance and manufacturing were separated and assigned to two respective chiefs
- All our manufacturing sites, both in Japan and abroad, have obtained ISO 9001 certification

Key Activities in Fiscal 2024

Strengthening quality assurance

- Started a product quality soundness survey to conduct a detailed review of standard values and analytical data at each stage from order receipt to shipment

Initiatives to ensure product safety

- Conducted quality risk assessments to minimize deviation risks and clarified control points

Review of quality assurance systems on the Group companies

- Provided support to super absorbent polymers (SAP) manufacturing sites outside Japan with their quality-related activities
- Started operation of a new quality control system in August 2024

Enhancement of human resource development and specialization

- Proactive staff reallocation

Challenges and Action Plans for FY2025

Enhancing Legal & Ethical Compliance and quality awareness

- Communicate messages from the President and chiefs
- Conduct training sessions led by external lecturers

Strengthening internal audits

- Ensure traceability and verify numerical data both in Japan and outside Japan
- Reinforce post-audit follow-up activities

Improving quality control and assurance through advanced technologies

- Stabilize product quality and enhance traceability by visualizing the conditions of each manufacturing process, as well as trends and variations in product analysis data

Item	FY2024 targets	FY2024 results	FY2025 targets
Quality incidents	Zero case	1 case	Zero case
Quality-related troubles	No more than 35 cases/year	36 cases/year	No more than 35 cases/year
Grievances and complaints	No more than 25 cases/year	26 cases/year	No more than 25 cases/year
Quality-related troubles attributable to human factors	No more than 10 cases/year	10 cases/year	No more than 10 cases/year
Costs from loss	No more than 15 million yen/year	16 million yen/year	No more than 15 million yen/year

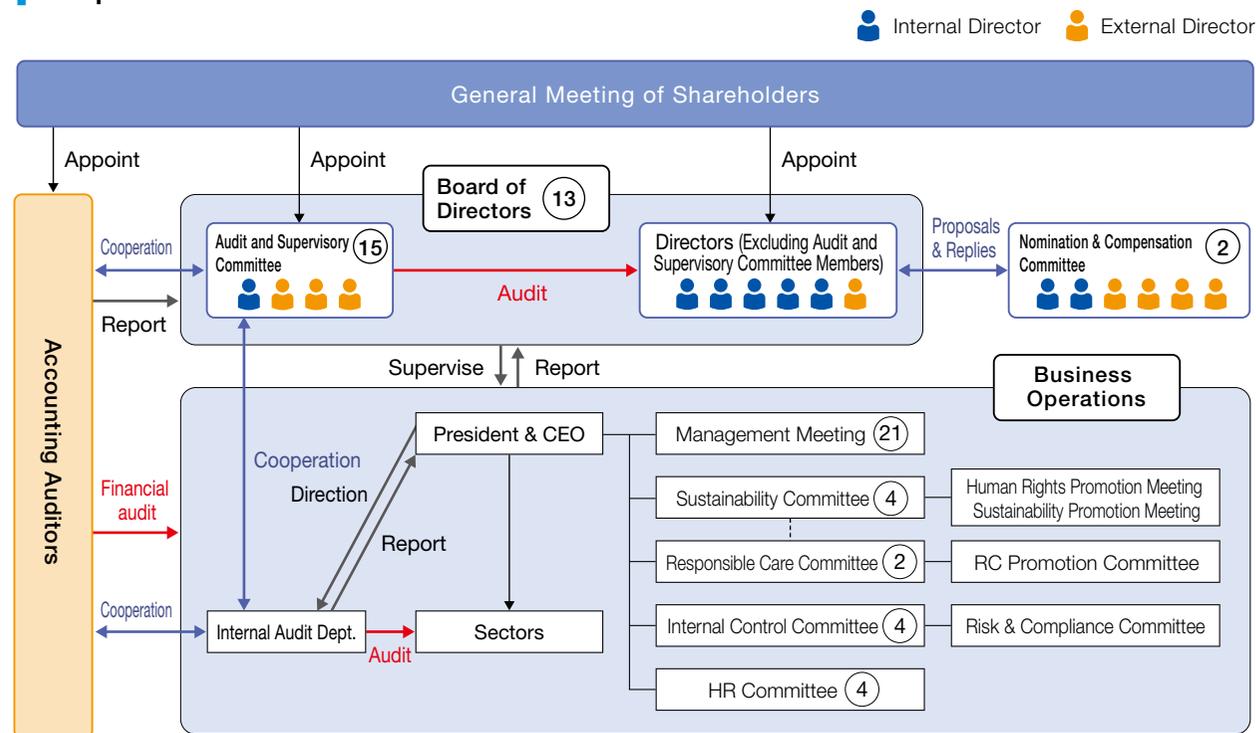
Corporate Governance

We are committed to strengthening and enhancing our corporate governance to achieve sustainable growth of the Sumitomo Seika Group and increase its corporate value over the medium- and long-term.

Basic Stance

- We ensure that our shareholders are provided with all of the information that they need to properly exercise their rights and with opportunities to exercise such rights, and that all shareholders are treated equally.
- We foster a corporate culture that respects the interests of our stakeholders, including shareholders, customers, employees, and local communities, and proactively cooperate with them.
- We establish and implement a code of conduct that our executives and employees must abide by and appropriately manage an internal control system.
- We promote appropriate and adequate information disclosure through such means as publishing financial information in English and providing information via the website in a timely manner, thereby ensuring management transparency.
- Given its fiduciary responsibilities and accountability to shareholders, the Board of Directors presents the management policies and corporate strategies of the Company and makes timely and bold decisions in order to promote sustainable growth and improve the Group's medium to long term corporate value.
- We engage in constructive dialogue with our shareholders toward achievement of sustainable growth and increased medium to long term corporate value, and we clearly explain our management strategies and plans in an easily understandable manner through such dialogue.

Corporate Governance Structure



*○ indicates the number of meetings held in fiscal 2024.

On June 25, 2021, we transitioned from a company with a board of corporate auditors structure to a company with an audit and supervisory committee structure in order to further enhance corporate governance and management transparency by strengthening the supervisory function of the Board of Directors, as well as to accelerate decision making and thereby further increase our corporate value.

In order to strengthen corporate governance, realize efficient management, and enhance competitiveness, we have adopted an executive officer system that separates directors, who are responsible for formulating basic corporate policies, determining strategies, and supervising business execution, from executive officers, who focus on business execution.

Body	Number of Meetings in FY2024	Summary
Board of Directors	13	As well as deciding on management strategies and other important management matters, in accordance with laws and regulations, the Board of Directors takes reports on business execution and other topics from individual Directors, and provides oversight to Directors' business execution and other duties. To strengthen management oversight functions, we hold meetings as necessary where Executive Officers and other non-director business executives also attend to provide explanations regarding the status of business execution. The term of office for directors who are not members of the Audit and Supervisory Committee is one year, and candidates are nominated by the Board at the General Meeting of Shareholders after considering reports by the Nomination and Compensation Committee. One-third or more of all Directors are independent External Directors. The Board of Directors is chaired by the President.
Audit and Supervisory Committee	15	The Audit and Supervisory Committee audits Directors' business execution from the perspective of legality and appropriateness, thereby contributing to the improvement of the Company's corporate governance. It also discusses, deliberates and investigates about a wide range of topics related to the suitability and effectiveness of management, and compliance, as well as offering advice or suggestions on legality and suitability. The committee consists of one Director (full-time Audit and Supervisory Committee member) and three External Directors (Audit and Supervisory Committee members), and conducts effective audits by combining the independence of the part-time members with the information-gathering capabilities of the full-time member.
Nomination and Compensation Committee	2	The Nomination and Compensation Committee is a consultative body that was set up to ensure the transparency and fairness of the selection of executives, the nomination of Directors, and matters pertaining to remuneration. More than half of its members are independent External Directors, one of whom chairs the committee.
Management Meeting	21	The Management Meeting holds discussions among executives when the Company decides on management strategies or other important management matters.
Sustainability Committee	4	The Sustainability Committee carries out a number of duties to promote sustainability management, including formulating sustainability policies, making sustainability plans, verifying and improving sustainability promotion at the Company and its group companies, and other tasks necessary to promote sustainability management.
Responsible Care Committee	2	The Responsible Care Committee discusses and determines the drawing up of medium- and long-term plans connected to safety, the environment, and quality (incl. risks and compliance); the formulation of fiscal-year plans for the entire Group; major changes to task systems; measures to combat major problems; and other topics.
Internal Control Committee	4	The Internal Control Committee receives reports on how our internal control systems are operating, offers necessary guidance to different parts of the organization as well as the Risk & Compliance Committee, and works to maintain and enhance internal controls in order to bring them together.
HR Committee	4	The HR Committee is responsible for the selection and training of executive candidates and appoints them to, and continuously reviews, important positions (department manager equivalent of higher, special-grade reemployment, etc.)

Board of Directors

Key matters discussed by the Board of Directors in fiscal 2024 were as follows.

Categories	Selected matters discussed/reported
Management	Progress in management strategies and the Medium-Term Business Plan
Sustainability	Publication of integrated reports, establishment of the Environmental Policy, and initiatives to address climate change
Corporate governance	Determination on matters related to the General Meeting of Shareholders, evaluation of the effectiveness of the Board of Directors, evaluation of the internal control, revision of the corporate governance guidelines, and revision of the Fundamental Policy on Internal Control System Development
Nomination, remuneration, and organization	Selection of Representative Directors and Directors, nomination of Executive Officers, revision to the policies on the determination of remuneration for directors and executive managers, development of executive management candidates, determination of allowances for director remuneration, organizational reforms, and personnel strategies
Financial results/affairs	Approval of financial results, approval of budgets, and determination of shareholder returns
Business	Business strategies, sales strategies, and management of overseas subsidiaries

Evaluation of the Effectiveness of the Board of Directors

We evaluate the effectiveness of the Board of Directors. From early March each year and thereafter, each Director conducts a self-evaluation (questionnaire), and based on the results, we conduct interviews with each Director to analyze the current situation and to identify possible problems. The Board of Directors assess their effectiveness and discuss the issues identified.

Topics for the self-assessment

- Efficient operations of the Board of Directors and its systems (number of agenda items, time allocation, etc.)
- Number of members of the Board of Directors, and their diversity and skills
- Status of discussions, explanations, and reports at the Board of Directors
- Status of oversight by the Board of Directors (of areas such as implementation of business plans, risk management, internal controls, and compliance)
- Oversight of succession planning for those who will succeed to executive posts
- Status of efforts toward issues identified in the previous year's effectiveness evaluation

Status of Initiatives Taken to Address Issues Identified Through Effectiveness Evaluation from the Previous Fiscal Year

Issues identified in the effectiveness evaluation in last fiscal year	Status of initiatives
Subject: Facilitating communication between External Directors and the executive team	
To enhance the exchange of information and ideas between External Directors and the executive team, one External Director should be appointed to summarize and share the outcomes of meetings of External Directors and other discussions, thereby further promoting communication among Directors.	We appointed an External Director responsible for summarizing and sharing the outcomes of meetings of External Directors and organized such meetings and other opportunities for dialogue. We will continue implementing these initiatives and explore additional ways to facilitate communication between External Directors and the executive team.
Subject: Involving External Directors in each internal committee	
We need to consider involving External Directors in each internal committee related to human resources, sustainability, and other key topics.	We have begun providing detailed explanations of each committee's activities to External Directors and incorporating their feedback into business operations.
Subject: Increasing efficiency in the administration of the Board of Directors	
Following the transition to a company with an Audit and Supervisory Committee structure, a greater number of matters have been reported to the Board of Directors, resulting in longer meeting durations. To allow more time for discussions on more important matters, we will review which items should be reported and how they should be presented, thereby improving the efficiency of Board administration.	We have simplified monthly reports, introduced prior briefings on items to be reported, and reviewed the content of reporting. This has helped reduce the time required for reporting matters at Board of Directors meetings, allowing more time for discussions.

We also received the following requests from Directors and have addressed them accordingly.

- Enhance discussions at Board of Directors meetings on the business (product) portfolio and the allocation of management resources
- Enhance reporting to and discussion at Board of Directors meetings on initiatives to ensure product quality at overseas Group companies as well as in Japan
- Conduct periodic reviews of Board of Directors regulations and basic policies on internal control

Initiatives for fiscal 2025

Given the results of the fiscal 2024 effectiveness evaluation, we will address the following challenges.

Subject: Internal control at the Company

One of our Group companies changed raw material suppliers without prior notice to their customers, resulting in mischarging for the product. We will investigate the causes, formulate and implement recurrence prevention measures, and at the same time establish and strengthen the internal control framework under the supervision of the Board of Directors.

Subject: Initiatives for quality and responsible care (RC)

We will review the content of reports on quality and RC initiatives submitted to the Board of Directors to enable the Board to exercise more effective oversight.

Subject: Oversight of the status of execution by the Functional Materials Segment

We will report initiatives to enhance the resilience of the Functional Materials Segment to the Board of Directors and engage in discussions based on these reports to ensure effective oversight.

Compensation for Directors

The Board of Directors, having received advice from the Nomination and Compensation Committee, deliberates on and determines the policy and methodology for the determination of executive compensation. An overview is as follows.

(1) Basic Policy for Determining Compensation Amounts

- ① The compensation system for directors and executives (executive officers with control over business operations) uses the achievement of performance targets as an incentive and aims for long-term increases in corporate value, not just quick profits.
- ② Compensation shall be set at a level that is competitive in terms of attracting and retaining human resources, while taking into consideration the size and nature of the Company's business and other factors.
- ③ Whether the level of compensation is reasonable or not is something that is reviewed using objective materials.
- ④ The amount of individual compensation shall be determined based on whether or not the director concurrently serves as an executive officer, the executive officer's position (president, senior managing director, managing director, without role, etc.), and whether he/she is independent.
- ⑤ The transparency and fairness of decisions about compensation are ensured with contributions from the Nomination and Compensation Committee, more than half of whose members are independent external directors.
- ⑥ Compensation for directors who are members of the Audit and Supervisory Committee shall be limited to base compensation only, and shall be determined through consultation among the Audit and Supervisory Committee members within the scope of the total amount of remuneration determined by a resolution of the General Meeting of Shareholders.

(2) Compensation Breakdown

- ① Compensation for directors and executives comprises two elements: fixed compensation ("base compensation") and compensation linked to the Company's business performance ("performance-linked compensation") that takes the form of bonuses or stock-based compensation in the Company.
- ② Directors who are not involved in business execution are responsible for monitoring and overseeing management; as such, they only receive base compensation.
- ③ The ratio each year between base compensation and performance-linked compensation (bonuses and stock-based) for directors who are involved in business execution is set within the limits detailed below, according to whether they are both a director and executive officer—and if they are, at what level—and if the target performance indicator (operating income of 12 billion yen) for the final year of the medium-term business plan (FY2023 to FY2025) was achieved.

Base compensation (fixed)	Performance-linked compensation (bonuses)	Performance-linked compensation (stock-based)
64% to 69%	20% to 27%	9% to 13%

*The stock price per share is calculated based on a single price of 5,000 yen, the share price as of end-of-day on March 31, 2025.

(3) Mechanisms of Each Compensation Element

■ Base compensation

- ① The base compensation amount shall not be changed during the term of office (one year).
- ② Should the "size of the Company" (net sales, market capitalization, number of employees) and "profitability" (operating income, ROE, D/E ratio) change, this will be reflected in the amount for the following year (term of office).

■ Bonuses (short-term incentives)

- ① These are paid on the proviso that consolidated operating income for the relevant fiscal year reaches or exceeds 5 billion yen, and are determined according to the formula below.

Bonus calculation formula: performance indicator x coefficient

- ② The performance indicator is the sum of consolidated operating income and financial balance, in order to reflect the consolidated performance for each fiscal year. (in fiscal 2024, the actual figure was 11.076billion yen).
- ③ The coefficient is used to calculate the amount of bonus (set by position, etc., and according to whether the recipient is also a director and according to their position, with the higher the position, the higher the coefficient) based on the ratio given in (2) ③ left, and the relevant bonus amount is set as a division of the target of 12 billion yen.
- ④ It is possible to reflect individual performance for each person's bonus within a range of +/- 10% based on the calculation formula. However, the total bonus amount does not change.

■ Stock-based compensation (medium- and long-term incentives)

- ① Transfer-restricted stock in the form of common shares of the Company is granted in a number dependent on the recipient's position and other factors (however, the grant takes the form of payment as monetary claims equivalent to the price of the relevant shares; for directors and executives it will be paid in as property contributed in kind, to be received as shares of the Company's common stock to be issued or disposed of).
- ② The number of shares is determined based on the ratio given in (2) ③ left, according to whether the recipient is also a director and with the higher the position, the higher the number.
- ③ Recipients must hold the shares until they resign or retire from the position by the Company.
- ④ We cannot easily grant transfer-restricted shares to directors who are not a resident of Japan. To these directors, monetary compensation linked to the price of common shares (phantom stocks) of the Company will be granted under similar eligibility conditions.

Directors (Executive Officers)

Board of Directors



Name	ODA Yoshiaki	MACHIDA Kenichiro	TOYA Takehiro	NAKAMURA Kenji	TAKESHITA Noriaki	YOSHIMOTO Akiko
Position	Representative Director President Chief Executive Officer	Representative Director Managing Executive Officer Chief of Administration Sector	Director Managing Executive Officer Chief of Business Sector	Director Executive Officer Chief of Production Sector	Director	External Director
Age(As of June 30, 2025)	64	62	64	55	66	62
Career Summary	April 1986 Joined Sumitomo Chemical Co., Limited. June 2025 Representative Director, President, and Chief Executive Officer of the Company	April 1985 Joined Sumitomo Chemical Co., Limited. June 2017 Associate Director of the Company June 2018 Director, Executive Officer of the Company May 2025 Representative Director Managing Executive Officer of the Company	May 1993 Joined the Company June 2016 Executive Officer of the Company June 2020 Director, Managing Executive Officer of the Company	April 1994 Joined the Company June 2024 Executive Officer of the Company May 2025 Director, Executive Officer of the Company	April 1982 Joined Sumitomo Chemical Co., Limited. June 2025 Director of the Company (Non-Executive Director) [Status of Significant Concurrent Positions] June 2025 Director of the Inabata & Co., Ltd.	April 1985 Joined Ministry of Labor (currently Ministry of Health, Labor and Welfare) June 2024 External Director of the Company [Status of Significant Concurrent Positions] •Senior Advisor of Boston Consulting Group •External Auditor of TAKARA HOLDINGS INC. •External Director of TOENEC CORPORATION
Number of the Company's Shares Held	0	8,400	5,950	1,500	0	0
Corporate Management	●	●	●			
Technical Strategies/R&D	●			●		
Production Technology/Production Management				●		
Quality Assurance	●					
Legal Affairs/Risk Management	●	●				
Finance/Accounting		●			●	
HR and Labor Management / Talent Strategies	●					●
Sales & Marketing/Business			●		●	
Sustainability/ESG	●					●



Name	YAMAGUCHI Kiyoshi	KISHIGAMI Keiko	YOSHIKE Fujio	MIYAMOTO Keiko
Position	Director Full-time Audit and Supervisory Committee Member	External Director Audit and Supervisory Committee Member	External Director Audit and Supervisory Committee Member	External Director Audit and Supervisory Committee Member
Age(As of June 30, 2025)	64	68	72	61
Career Summary	<p>April 1984 Joined DAIHATSU MOTOR CO., LTD.</p> <p>December 2002 Joined the Company</p> <p>June 2017 Executive Officer of the Company</p>	<p>October 1985 Joined Peat Marwick Minato (currently Ernst & Young ShinNihon LLC)</p> <p>June 2021 External Director (Audit and Supervisory Committee Member) of the Company</p> <p>【Status of Significant Concurrent Positions】</p> <ul style="list-style-type: none"> Board Member of the Public Interest Incorporated Foundation for World Wide Fund for Nature (WWF) Japan External Auditor of Okamura Corporation External Director (Audit Committee Member) of Sony Corporation External Auditor of DIC Corporation 	<p>April 1976 Joined Toyo Sash Industry Co., Ltd (currently LIXIL Corporation)</p> <p>June 2023 External Director (Audit and Supervisory Committee Member) of the Company</p> <p>【Status of Significant Concurrent Positions】</p> <ul style="list-style-type: none"> Representative Director of Yoshiike Office Corporation Director of Shibaura Institute of Technology 	<p>April 1992 Registered as an attorney</p> <p>June 2025 External Director (Audit and Supervisory Committee Member) of the Company</p> <p>【Status of Significant Concurrent Positions】</p> <ul style="list-style-type: none"> Associate of Daiichi Legal Professional Corporation External Director (Audit and Supervisory Committee Member) of SRS HOLDINGS CO., LTD.
Number of the Company's Shares Held	5,700	300	0	0
Corporate Management			●	
Technical Strategies/R&D	●			
Production Technology/Production Management			●	
Quality Assurance	●			
Legal Affairs/Risk Management		●		●
Finance/Accounting		●		
HR and Labor Management / Talent Strategies				
Sales & Marketing/Business	●		●	
Sustainability/ESG	●	●		

Executive Officers

(excluding concurrent Directors)

Managing Executive Officer
KURIMOTO Isao
Chief of Technology Sector (Technical Affairs, Intellectual Property),
Research & Development Sector,
General Manager of Technology Office

Executive Officer
MAEDA Nobuhiro
In charge of Technology Sector (Technology) President of Seika Techno Services Co., Ltd., and Seika Research Co., Ltd.

Executive Officer
JEMURA Kazuhisa
Chief of Technology Sector (Engineering and RC) and the Creation of a Circular Economy, General Manager of Engineering Office

Executive Officer
Kin Bunchin
Chairman and President of Sumitomo Seika (China) Co., Ltd., Sumisei Polymers Technology (Shanghai) Co., Ltd., Sumisei Technology (Yangzhou) Co., Ltd.

Executive Officer
YAMAMOTO Takashi
In charge of Administration Sector (General Affairs and Personnel Office), General Manager of General Affairs and Personnel Office

Reason for selecting skills

Corporate Management

The roles of the Board of Directors are to make important managerial decisions and oversee the management team. To undertake these roles, the Company needs directors who have experience and achievements concerning corporate management.

Technical Strategies/R&D

The formulation of technical strategies, product improvements, and the development of new products and technologies that satisfy user and market demands are essential for the Company, a chemical manufacturer, to sustainably enhance its corporate value. Therefore, the Company needs Directors who have knowledge and experience in the fields of technical strategies and R&D.

Production Technology/Production Management

Directors with knowledge and experience in production management and production technology are necessary to ensure the safe and stable operation of the factories and the efficient production of high-quality products.

Quality Assurance

Directors with knowledge and experience in quality assurance are essential for the production and shipment of high-quality and stable products.

Legal Affairs/Risk Management

Ensuring propriety in corporate activities forms the foundation of management. Furthermore, to improve corporate value through sound risk-taking, proper risk management is essential, necessitating directors who possess knowledge and experience in legal and risk management fields.

Finance/Accounting

Not only to provide shareholders with appropriate information through accurate financial reporting, but also to secure a solid financial foundation and thereby promote corporate activities steadily, directors with knowledge and experience in finance and accounting are required.

HR and Labor Management / Talent Strategies

In order for the Company to achieve its management goals and enhance corporate value, it is important to plan and execute effective human capital strategies, and therefore directors with knowledge and experience in the fields of human resources, labor affairs, and talent strategy are required.

Sales & Marketing/Business

To expand the business scale and enhance profitability by promoting the sales strategy and marketing strategy, the Company needs directors who have knowledge and experience in the fields of the sales & marketing and business of chemical products.

Sustainability/ESG

To ensure that the Company acts as a member of society, responds to the expectations of stakeholders, and makes efforts toward the realization of sustainable society, including dealing with climate issues, particularly the realization of a carbon cycling society, the Company needs directors who have knowledge and experience in the fields of sustainability and ESG.

Internal Control & Compliance

Internal Control

We have formulated a Fundamental Policy on Internal Control System Development to ensure risk management and compliance, management of group companies and information, and appropriateness of other tasks. Based on this policy, we are constructing systems. The president and directors who execute business operations bear the responsibility to specifically establish and operate the internal control system according to their respective duties. The appropriateness of the establishment and operation status is ensured through ex-post checks by internal audits and the operation of the internal whistleblowing system* regarding illegal or inappropriate conduct. The Internal Control Committee regularly monitors the overall status of establishment and operation, including these controls. The Board of Directors supervises the status of the establishment and operation of the internal control system and strives to ensure and improve the effectiveness of the system by reviewing this basic policy in accordance with changing circumstances.

* We have set up an internal reporting desk on our website that anyone, inside or outside the group, can use for whistleblowing. With this system, we are carefully protect whistleblowers, and the content of their reports, and our response to these, is reported to an outside legal office to evaluate. In this way, we work to keep our organization in compliance ourselves and ensure that compliance is deeply rooted.

Fundamental Policy on Internal Control System Development

The Company's Board of Directors has resolved the following Fundamental Policy on Internal Control System Development.

In order to ensure that business of the Group is conducted properly in accordance with the Corporate Mission, the Company shall establish the following system (internal control system) in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act.

The president and each director in charge of business execution shall be responsible for the specific development and operation of the internal control system in accordance with their duties, and the Internal Control Committee shall periodically monitor the status of the system.

The Board of Directors shall ensure and improve the effectiveness of the internal control system by supervising the development and operation of the internal control system and by reviewing this fundamental policy in response to changes in circumstances.

1. A system for ensuring that the execution of duties performed by directors and employees of the Company and its group companies complies with laws, regulations, and the Articles of Incorporation
 - (1) Establish a code of conduct for the Company and the Group, and ensure that all officers and employees act in accordance with the code. If a material violation of laws, regulations, or the articles of incorporation is discovered, a report shall be made to the Audit and Supervisory Committee and the Board of Directors. In addition, for violations that do not fall under these categories, a prescribed report shall also be made.
 - (2) Establish specific procedures for the proper and efficient execution of business operations, and execute duties in accordance with such procedures.
 - (3) To ensure compliance, education and training shall be conducted within the Company and its group companies, and efforts shall be made to promote and thoroughly enforce compliance throughout the entire Group.
 - (4) Establish a Compliance Committee to promote and supervise compliance within the Company and the Group.
 - (5) Establish an internal reporting system so that officers and employees of the Company and its group companies can directly report compliance violations or possible violations to the Whistleblower Help Desk (inside or outside the Company).
 - (6) Establish a dedicated department in charge of internal audit for the execution of business operations of the Company and its group companies. If problems are found, the department implements measures for improvement.
 - (7) Eliminate all relationships, including business relationships, with anti-social forces.

- (8) To ensure that the duties executed by the directors and employees of the group companies comply with laws and the Articles of Incorporation, the Company shall manage and supervise the execution of such duties.
2. A system for the retention and management of information related to the execution of duties by the Company's directors

The Company shall establish management rules for information pertaining to the execution of duties and shall retain and manage such information according to the nature and importance of the information in consideration of the laws and these rules.
3. A system and rules for managing the risk of loss for the Company and the Group
 - (1) Establish regulations regarding risk management during normal times and procedures for emergencies such as disasters or accidents.
 - (2) Designate a department to promote risk management for the Company and its group companies, and implement initiatives to prevent the occurrence of emergencies and to minimize damage, loss, and disadvantages if such events occur.
 - (3) Establish a Risk Committee to oversee risk management within the Company and its Group.
 - (4) Develop a reporting system to appropriately report information related to management risks of the Company to the Board of Directors and other relevant bodies.
 - (5) The Company shall regularly review the operation status of the above management system and undertake improvements if any issues regarding its operation or effectiveness are identified.
4. A system to ensure efficient execution of duties by directors of the Company and the Group
 - (1) The Company shall establish rules that clearly define the authority and responsibilities of each organization under the control of the directors to ensure the efficient execution of duties by the directors of the Company and the Group.
 - (2) The Company shall establish an IT system for easy and quick access to management information for the entire Group to improve the efficiency of management.
5. System for reporting matters related to the execution of duties by directors, etc. of the Company's Group to the Company, and other systems to ensure the proper operation of the Company's Group business
 - (1) Standards and procedures regarding the approval by the Company and reporting to the Company in connection with the execution of duties at the Company's group companies shall be established, and the Company shall provide guidance on such approvals and reports. In addition, for important management matters at each group company, proposal criteria shall be established, and based on these, deliberations shall be held by the Company's Board of Directors and other relevant bodies.
 - (2) The Company shall establish departments and systems responsible for managing its group companies in order to ensure the proper operation of the businesses of the group companies.
6. Matters concerning employees assisting the Audit and Supervisory Committee, matters concerning the independence of such employees from directors (excluding directors who are members of the Audit and Supervisory Committee), and matters concerning the effectiveness of instructions given to such employees by the Audit and Supervisory Committee

The Company shall establish rules for the appointment of assistant employees and for ensuring their independence, as well as rules for ensuring the effectiveness of the Audit Committee's instructions to such assistant employees.
7. A system for reporting to the Audit and Supervisory Committee
 - (1) Directors and employees of the Company and the Group shall promptly report to the Audit and Supervisory Committee when requested to report matters necessary for audits by the Committee or when reporting is required by laws and regulations.
 - (2) The plans, progress of implementation, and results of internal audits conducted by the department in charge of internal audits shall be reported to the Audit and Supervisory Committee.
 - (3) Establish regulations stipulating that no unfavorable treatment shall be given to those who have made reports to the Audit and Supervisory Committee on the grounds of having made such reports.

8. Matters concerning the policy for processing of expenses, etc., incurred in the execution of duties by members of the Audit and Supervisory Committee

The Company shall budget for expenses related to the execution of duties by members of the Audit and Supervisory Committee and shall bear such expenses within an appropriate range.

9. Other systems to ensure the effective implementation of audits by the Audit and Supervisory Committee

(1) Members of the Audit and Supervisory Committee shall be entitled to attend important internal meetings and to inspect the minutes of important meetings, approvals, contracts, and other information necessary for audits by the Audit and Supervisory Committee.

(2) Regular meetings shall be held for exchange of opinions between the President and the Audit and Supervisory Committee members.

Date of enactment : May 15, 2006

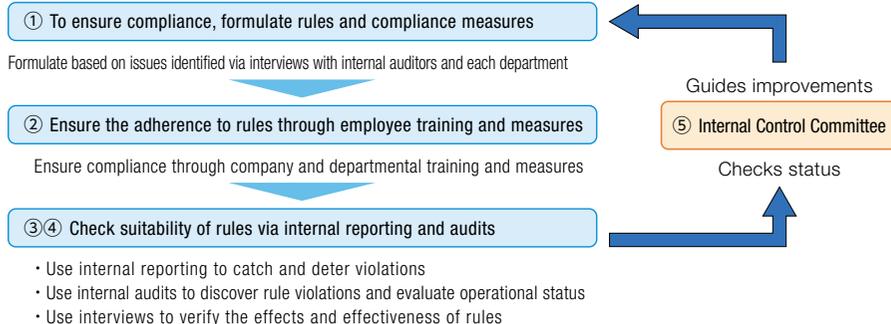
Date of revision : February 20, 2025

Compliance

As a code of conduct for directors and employees, we have established the "Sumitomo Seika Group Charter for Business Conduct" and carry out corporate activities throughout the group based on this code. We also strive to comply with relevant laws, regulations, and ethical standards.

To ensure compliance, it is important to establish a system (compliance framework) that continuously monitors the status of business execution and carries out corrective actions and reviews, and to operate this system appropriately. From this perspective, we are working to strengthen compliance through the PDCA (Plan-Do-Check-Action) cycle consisting of ① formulating rules and measures to ensure compliance, ② ensuring the establishment and adherence to rules through employee training and compliance initiatives, ③ accepting whistleblowing on rule violations through the internal reporting system, ④ checking suitability of operational rules through internal audits, and ⑤ having the Internal Control Committee check the implementation status of measures ① to ④ above and giving guidance for improvements.

Compliance Framework



Sumitomo Seika Group Charter for Business Conduct

The Sumitomo Seika Group ("the Group") and every board member, executive officer and employee of every company of the Group must, in conformity with the following principles, act with the highest ethical standards and in a socially prudent manner, respect human rights and abide by all relevant laws, regulations and other rules.

1. We contribute to society by developing and delivering high-quality and safe products and services.
2. We respect the intellectual properties and trade secrets of others and protect personal information and customer information thoroughly.
3. We neither offer nor receive economic benefits aiming to obtain unjustified advantages. We avoid any conduct that could lead to corruption involving domestic or foreign government officials, and we do not engage in activities that impede fair and free competition.
4. We respect employees' fundamental labor rights and individuality, including freedom of association and the right to collective bargaining. We provide a safe, clean and harassment-free working environment and fair working conditions without discrimination, and cultivate a workplace climate in which employees can work with a sense of purpose and fulfillment.
5. We supply products that care for environmental stewardship, ensure stringent management of chemical substances, and take all possible measures to prevent accidents and ensure safety.
6. We respect human rights of every person who is engaged in the business of the Group and do not tolerate any acts that violate human rights, such as discriminatory practices, forced labor and child labor.
7. We disclose company information as appropriate and fulfill accountability to all stakeholders of respective companies of the Group, such as shareholders, suppliers, customers, employees, and local communities.
8. We not only abide by the laws, regulations and other rules of the countries in which we operate, but also respect their local cultures and customs, and contribute to the social and economic development of the countries as our business operations expand geographically on a global scale.
9. We stand firm against anti-social forces and groups and have no relationships whatsoever with them.
10. We require everyone involved in our business to comply with this Charter and work together to build a responsible supply chain.

Date of enactment : April 1, 2003

Date of revision : February 6, 2023

Internal Audit

As a part of the internal control system, the Group has established a dedicated organization (Internal Audit Department) within the Company to conduct internal audits (operational audits and internal control evaluations) of each department of the Company and domestic and overseas group companies, in addition to audits by Audit and Supervisory Committee members and audits by accounting auditors. Specific details of internal audits are shown in the table below.

Operational Audits	Evaluate, point out, and propose improvements regarding the conformity of business activities with laws, company rules, and other internal regulations, as well as the necessity, effectiveness, and efficiency of business operations.
Internal Control Assessment	Evaluate the effectiveness of internal control over financial reporting, i.e., the status of the development and operation of internal control within the scope of evaluation determined for each fiscal year.

Risk Management

Basic Policies

The Sumitomo Seika Group sets the Internal Control Committee, chaired by the President, based on the following policies to deliver proper risk management. In the committee, the operational status of the risk management system and the responses to individual cases are discussed and examined. The details of these discussions are reported to the Board of Directors which exercises oversight.

Basic Policies on Risk Management

The Sumitomo Seika Group conducts risk management as described below to meet stakeholder expectations and achieve the continued enhancement of corporate value.

- ① Every officer and employee of the Sumitomo Seika Group is committed to preventing crises at all times, demonstrating a high level of risk awareness and sound judgment.
- ② We involve everyone, regardless of their affiliation or position, in “participative” risk management, in which both management and frontline employees voluntarily engage in managing risks, ensuring a shared understanding of the importance and direction of risk management across the organization.
- ③ We continuously implement the PDCA (Plan-Do-Check-Action) cycle to further strengthen risk management.
- ④ In the event that a crisis occurs, or a risk likely to lead to a crisis is identified, the event must be immediately reported to the President, followed by examination of the details and investigation of causes.
- ⑤ When a crisis occurs, we will respond promptly and appropriately to minimize damage.

Business Risks

The following are matters affecting our business that have the potential to majorly impact stakeholders. While the items presented here are those deemed by the Group to be principal risks, this is not an exhaustive list of all risks connected to the Group.

(1) Risks Related to Management Decisions and Business Strategies

① Market environment

In the markets in which we develop our business, we predict that our product lines may continue to face a harsh pricing environment due to various reasons, such as entry into those markets by competitors from inside and outside Japan or inflows of cheap imported goods. Meanwhile, in China, which is one of the most important markets for super absorbent polymers (SAP), our Group’s competitive environment could intensify due to factors such as price competition, the commoditization of SAP resulting from quality improvements in locally manufactured products or other causes, and the lower number of babies being born. To address these risks, we continuously strive to reduce costs, increase the competitiveness of our offerings through improvement of product quality and new product development, and strengthen our sales capabilities through market analysis.

② Raw material procurement

For some of the raw materials we purchase, we are reliant on specific suppliers. While we are endeavoring to reduce the risk of not being able to purchase major raw materials, such as by increasing the number of suppliers we use, the price at which we can buy in raw materials, fuels or other items is subject to rapid fluctuations in price due to changes in the supply-demand balance or market situations. If the price at which we buy in materials were to rocket, this could have an adverse effect on our business performance.

③ Exchange rate fluctuations

The Group conducts production and sales activities globally. Accordingly, fluctuations in foreign exchange rates affect its foreign-currency-denominated sales and raw-material procurement costs. In preparing consolidated financial statements, exchange-rate movements at the time of translation may impact the yen-denominated figures of overseas consolidated subsidiaries. In particular, fluctuations in exchange rates for the U.S. Dollar and the Chinese Renminbi can affect the Group’s performance. To address these risks, we seek to minimize exposure through forward exchange contracts and other hedging measures.

④ Impairment loss on non-current assets

We apply accounting standards for impairment losses on non-current assets. Should the management environment take a drastic turn for the worse or similar, and we would find it hard to recover our investment in our non-current assets, we would record this as an impairment loss when we become aware of it, and that could have a negative effect on our business results and financial situation.

⑤ Climate change

We believe that the progression of climate change has a serious impact on the Group's business sustainability. The increasing frequency and intensity of extreme weather events caused by global warming may disrupt operations at production sites located in coastal areas due to tidal surges or other factors, thereby affecting the Group's performance. In response to tightening government regulations on greenhouse gas (GHG) emissions, we may introduce renewable energy, convert fuels to low-carbon sources, refurbish manufacturing processes, or adopt energy-efficient equipment. These initiatives could increase related expenses and potentially affect the Group's financial position. Furthermore, in a carbon-neutral society, market values and competitive priorities are expected to shift. For example, demand for products and services with low environmental impact may increase. Addressing these changes is a key future challenge for the Group. Should we fail to respond in a timely manner, our products and services may lose competitiveness, significantly affecting our business performance.

➤ P.48 for details on Climate Change Initiatives

(2) Risks Related to Accounting and Finance

Retirement benefit liability

Our employee retirement benefit expenses and liabilities are calculated based on actuarial assumptions such as the long term expected rate of return for pension assets and discount rates. A disparity between assumptions and actual results due to deterioration in the pension asset management environment or a decline in the share price of listed stocks contributed to the retirement benefit trust could result in an increase in future retirement benefit expenses, which could adversely affect the financial situation and operating results of our group.

(3) Other Risks Related to Management in General

① Disasters or accidents

To minimize potential negative factors attributable to halts to our manufacturing operations or accidents caused by our manufacturing equipment, we carry out periodic checks of all of our manufacturing equipment. However, should a natural disaster, accident, or other factors cause harm to things or people in one of our plants or the vicinity, there is a risk that this could hinder our business activities, result in high costs, and have a major negative effect on our reputation.

② Information security

Every year, we become more and more reliant on computer systems and networks in our business activities, and so we are working hard to protect systems and data with measures such as improvement of security systems. However, should a power outage, natural disaster, cybercrimes such as attack by computer virus or hacking, damage our systems or networks, there is a risk that this could hinder our business activities, result in high costs, and have a major negative effect on our reputation.

③ Laws and regulations

There is a chance that the countries in which we pursue business activities could, in the future, strengthen their laws and regulations toward environmental issues or chemical safety, and this could lead to new costs. To address these risks, we will take appropriate measures while remaining alert to the global regulatory trends.

④ Labor Environment and Human Rights

Industrial accidents, the spread of infectious diseases or communicable diseases, have the potential to put a stop to our business execution, while employees' human rights issues, mental health issues, or cases of harassment have the potential to worsen working environments. Any of these could lead to us being liable for damages. To address these risks, we establish and implement systems that ensure respect for human rights by embedding our basic approach to human rights throughout the organization.

⑤ Legal breaches and compliance

If an infringement of laws or regulations in Japan or overseas, or any other case of compliance breach were to occur, we would lose the trust of society and could have to pay damages or other financial penalty. This could have a negative effect on our business results and financial situation. To address these risks, we provide compliance training while developing systems to prevent legal violations.

⑥ Product quality

We follow very strict quality control standards, that are globally recognized, as we manufacture a range of products, but this is no guarantee that all of our products will be free from defects and that a product recall will not be required in the future. If an extensive product-related incident were to happen, it could result in high costs, or it could have a major negative effect on our reputation. To address these risks, we will continuously strengthen our quality assurance system and its implementation by ensuring the effective operation of our quality-management framework. We will also continue fostering an organizational culture that promotes business operations from the customer's perspective, with an emphasis on quality across the Group.

⑦ Intellectual property

We have accumulated a great deal of technologies and expertise that enable us to differentiate ourselves from our competitors, and strengthened our competitiveness in doing so, but some of our original technologies, products, and expertise cannot be fully protected in certain regions so there is a possibility that we would not be able to effectively prohibit a third party from using our intellectual property to manufacture similar products. Moreover, as result of current or future disputes over intellectual property, there is a risk that a disadvantageous judgment could be made. To address these risks, we have formulated intellectual property strategies and are promoting their steady implementation.

⑧ Recruitment and development of human resources

The Group is supported by a diverse workforce with expertise across various fields. In Japan, where our key R&D and production sites are located, the working population is projected to decline due to the falling birthrate and other factors. If we are unable to secure the workforce required for business operations due to factors such as fewer new recruits or high turnover, or if we fail to develop human resources capable of driving medium-term business growth in a timely manner, we may be unable to achieve our business plans, which could adversely affect the Group's operating results. To address these risks, we are systematically recruiting and developing talent under a unified human resource development policy, fostering an organizational culture that enables individuals to display their potential to the maximum.

⑨ Others

In the countries where we have business activities there are a number of inherent risks, including difficulties in recruiting and retaining human resources, changes to laws or regulations, or social chaos resulting from terrorism, war, disease, or other reasons. Should one or more of these manifests, it could have a negative effect on our business results and financial situation.

Company Profile & Stock Information (As of March 31, 2025)

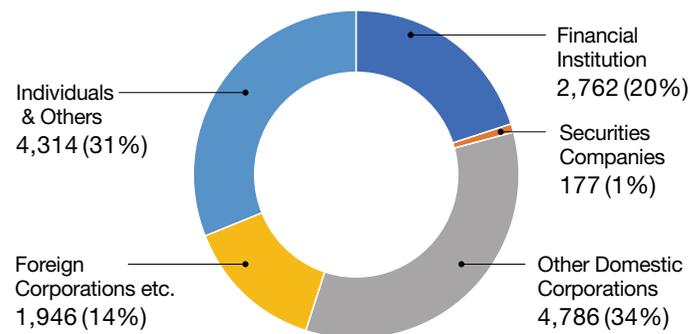
Company Profile

Established : July 20, 1944
 Capital : 9,742 million yen (As of July 31, 2025)
 Net Sales : 147,571 million yen (Consolidated)
 78,038 million yen (Non-consolidated)
 Business Profile : Super Absorbent Polymers, Functional Materials
 Employees : 1,413 (Consolidated) 1,040 (Non-consolidated)
 Consolidated subsidiaries : Japan:2, Overseas:9

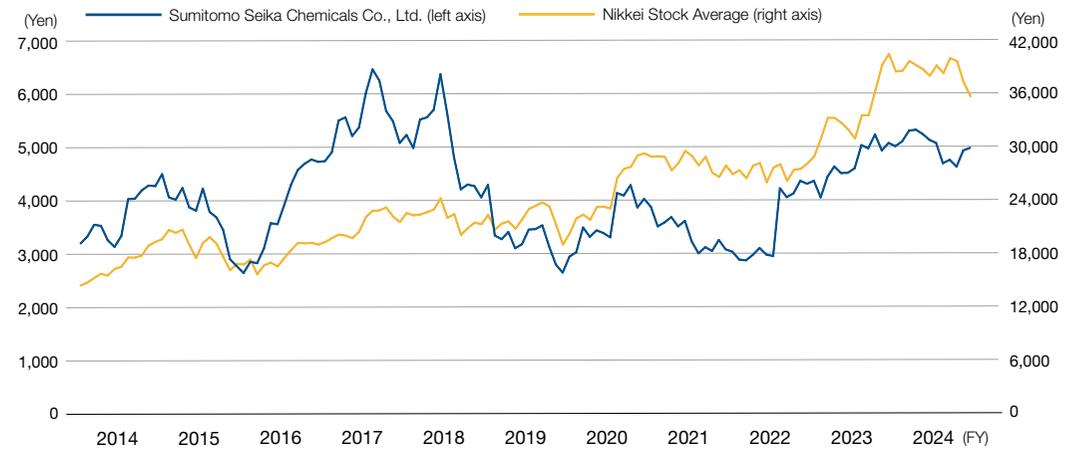
Stock Information

- Tokyo Stock Exchange (Prime Market)
- Authorized Number of Shares : 40,000,000 shares
- Number of Shares Issued and Outstanding : 13,987,220 shares
- Number of Shareholders : 40,685

Shareholder Distribution (Unit : 1,000 shares)



Stock Price Trends



Principal Shareholders (Top 10)

Name	Number of stocks held (Unit: 1,000 shares)	Shareholding ratio (%)
Sumitomo Chemical Co., Ltd.	4,195	32.01
The Master Trust Bank of Japan, Ltd. (Investment Trust)	1,264	9.64
Custody Bank of Japan, Ltd. (Investment Trust)	473	3.61
JP MORGAN CHASE BANK 385632	415	3.17
Sumitomo Life Insurance Company	310	2.37
Sumitomo Mitsui Banking Corporation	215	1.64
Taki Chemical Co., Ltd.	206	1.57
Sumitomo Mitsui Trust Bank, Ltd.	194	1.48
Sumitomo Seika Employee Shareholdings	180	1.38
DFA INTL SMALL CAP VALUE PORTFOLIO	124	0.95

* The Company holds 880,645 shares of treasury stock, which are excluded from stock held by the principal shareholders listed above. Percentage of total number of issued stocks is calculated based on the total number of issued stocks excluding treasury stocks.

Group Network

Bases in Japan

Head Offices

Osaka
Tokyo

Factories

Befu (Harima-cho, Kako-gun, Hyogo Pref.)
Himeji (Himeji-shi, Hyogo Pref.)
Chiba (Yachiyo-shi, Chiba Pref.)

R&D Hubs

Material Development Laboratory (at Befu, Himeji)
Production and Process Engineering Laboratory (at Befu, Himeji)

Consolidated Subsidiaries

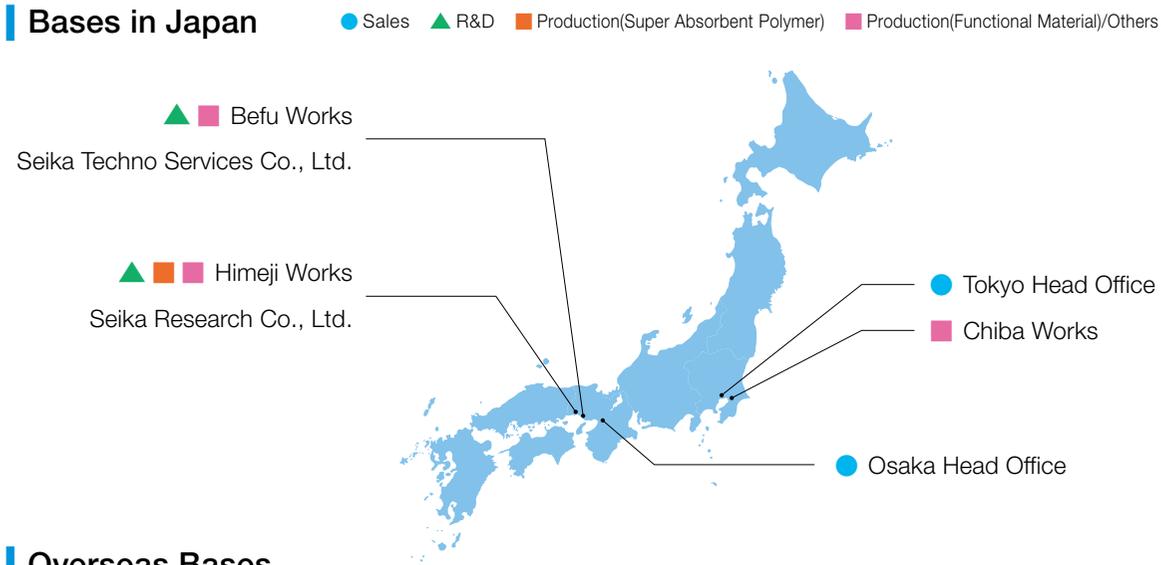
Japan

Seika Techno Services Co., Ltd.
Seika Research Co., Ltd.

Overseas Bases

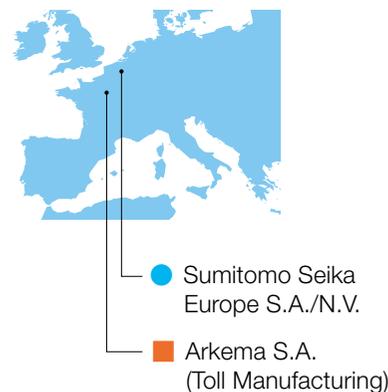
Sumitomo Seika Singapore Pte. Ltd.
Sumisei Taiwan Technology Co., Ltd.
Sumisei Chemical Co., Ltd. (Korea)
Sumitomo Seika Polymers Korea Co., Ltd.
Sumitomo Seika (China) Co., Ltd.
Sumisei Polymers Technology (Shanghai) Co., Ltd.
Sumisei Technology (Yangzhou) Co., Ltd.
Sumisei International Trading (Shanghai) Co., Ltd.
Sumitomo Seika Europe S.A./N.V.(Belgium)

Bases in Japan

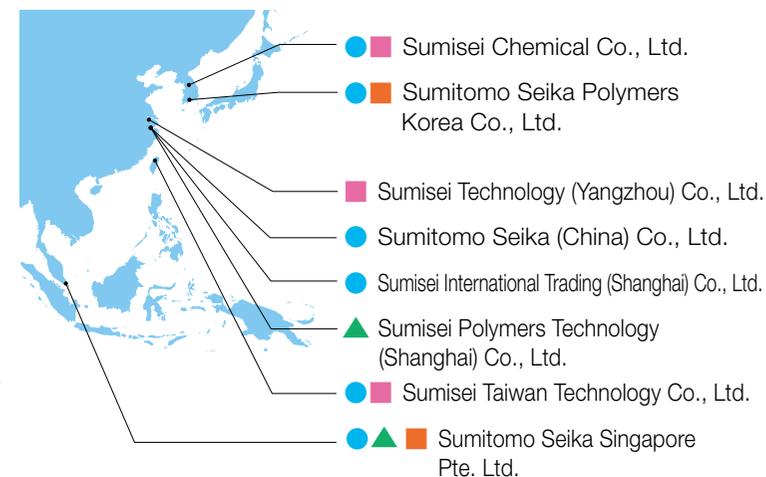


Overseas Bases

Europe



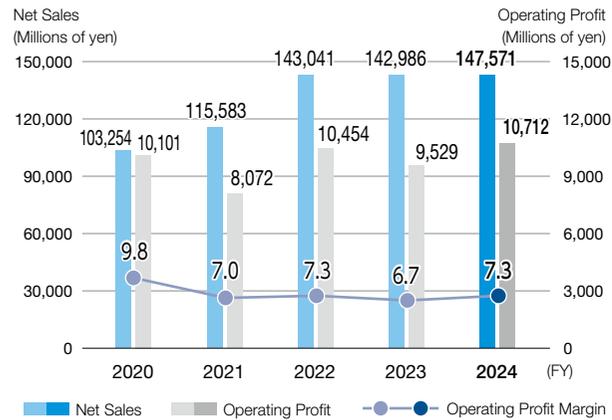
Asia



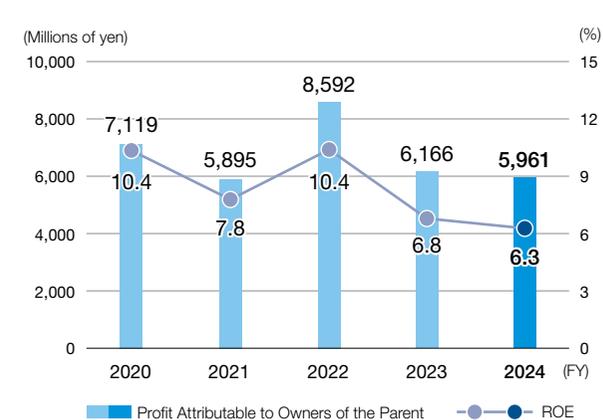
Data

Financial Data

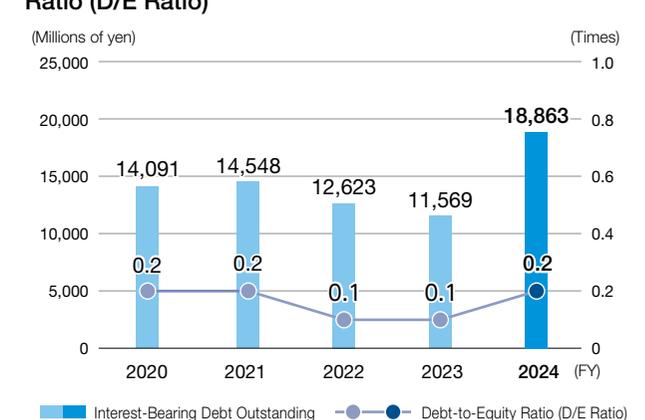
Net Sales • Operating Profit • Operating Profit Margin



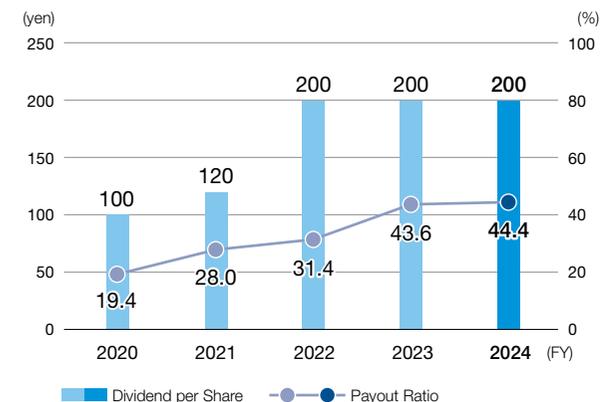
Profit Attributable to Owners of the Parent / ROE



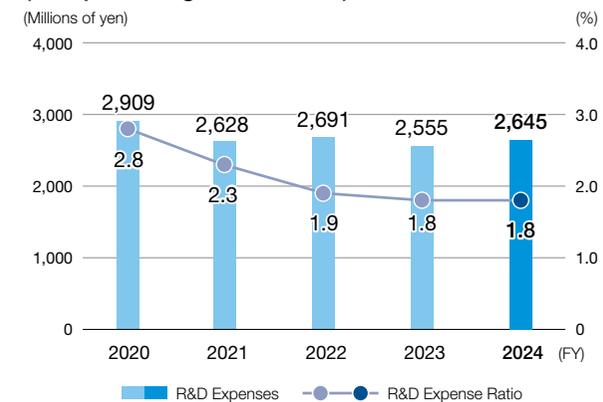
Interest-Bearing Debt Outstanding / Debt-to-Equity Ratio (D/E Ratio)



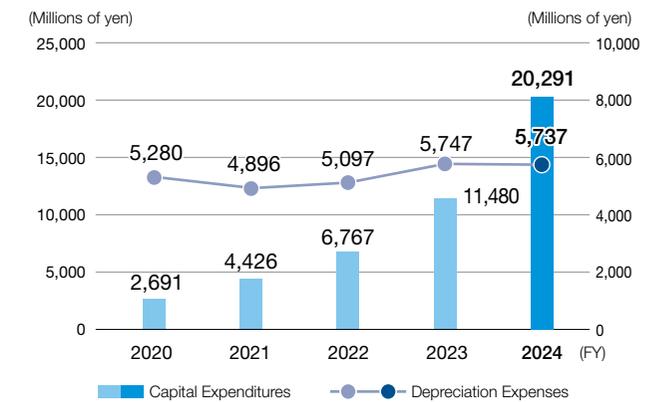
Dividend per Share / Payout Ratio



R&D Expenses/ R&D Expense Ratio (as a percentage of net sales)



Capital Expenditures/Depreciation Expenses



Non-Financial Data *Applicable to domestic sites only.

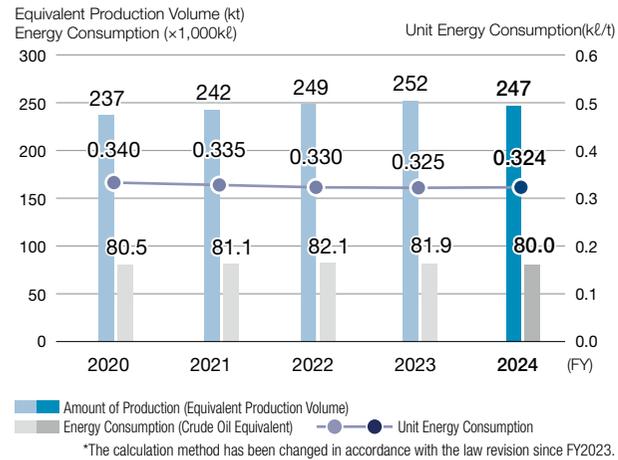
Responsible Care Activities Track Record

Area	Priority measure	FY2024 results	Rating	FY2025 initiatives
Safety and Disaster Prevention Prevention of Equipment-Related Accidents	<ul style="list-style-type: none"> ● Ensuring zero major safety accidents* ● Securing thorough equipment management ● Responding to emergency situations 	<ul style="list-style-type: none"> ● Achieved zero major safety accidents* ● Strengthened equipment management through safe environment patrols and planned safety activities ● Implemented whistleblowing drills and disaster preparedness drills, and improved response procedures utilizing feedback from the drills 	○	<ul style="list-style-type: none"> ● Implementation of BCP drills assuming a major earthquake.
Occupational Safety & Health Logistics Safety	<ul style="list-style-type: none"> ● Preventing industrial accidents ● Establishing systems and measures that lead to better health and productivity management ● Preventing logistics incidents before they happen ● Bolstering transportation management during extreme weather and respecting judgments made by logistics contractors ● Promoting White Logistics for sustainable and stable logistics 	<ul style="list-style-type: none"> ● One lost-time injury / Achieved zero major logistics accidents* ● Conducted risk assessments (3,321 cases) ● Conducted stress checks and FB training ● Conducted safety training for logistics subcontractors (10 times total) ● Amended deadlines during Typhoon No.10 and during heavy snowfall in February ● Implemented improvements in loading/unloading operations (30 cases) 	×	<ul style="list-style-type: none"> ● Identified root causes and implemented preventive measures ● Continued chemical-handling training ● Reviewed labor accidents involving older workers and considered countermeasures ● Advanced "White Logistics" initiatives for sustainable, stable logistics
Environmental Conservation	<ul style="list-style-type: none"> ● Preventing environmental accidents during manufacturing or use by customers ● Working to conserve the atmosphere, water quality, and marine and land environments ● Reduction of Ethylene Oxide Emissions ● Reducing unit energy consumption in manufacturing by 1% compared to the previous fiscal year ● Reducing unit energy consumption in transportation by 1% compared to the previous fiscal year ● Reducing GHG emissions and working toward carbon neutrality ● Using resources effectively 	<ul style="list-style-type: none"> ● Achieved zero major environmental accidents* and zero complaints ● VOC emissions: Down 2% YoY ● Ethylene oxide emissions: Down 71% YoY ● Unit energy consumption in manufacturing: Down 0.3% YoY ● Unit energy consumption in transportation: Down 8.6% YoY ● GHG emissions: 159 kt-CO₂ (Down 25% compared to the base year) ● Waste ending up in landfill: 33 t (previous fiscal year: 98 t) 	△	<ul style="list-style-type: none"> ● Strengthen emergency response capabilities through repeated drills ● Continue studies on streamlining to reduce energy use and GHG emissions ● Reduce emissions through the operation of nitrous oxide combustion equipment
Chemicals Safety	<ul style="list-style-type: none"> ● Conducting hazard assessments and reducing impacts on the human body and living environment ● Responding to chemical substance regulations inside and outside Japan ● Security Trade Controls 	<ul style="list-style-type: none"> ● Halted (through substitutions) or reduced use of substances of concern ● Gathered information on, and responded to, chemical substance management in different countries ● Conducted training on export controls for regulated cargoes, etc., and on applicability judgment for technologies 	○	<ul style="list-style-type: none"> ● Continue collecting regulatory information from various countries and manage substances of concern using the chemical substance management system ● Continue providing training to relevant departments on chemical-related regulations and safety ● Continue training on export controls and applicability judgment
Communication with Society	<ul style="list-style-type: none"> ● Providing legally required information, etc. ● Disclosing information to stakeholders ● Coexisting with local communities, etc. 	<ul style="list-style-type: none"> ● Created or amended 693 SDSs or labels and provided the latest information ● Ensured to provide contracted logistics companies with Yellow Cards ● Accepted internship and junior high school students' work experience ● Participated in parent-child experiential events, "Harima-cho Summer Edutainment," and the educational program "Gakko Gokko." ● Observed comprehensive disaster-prevention drills conducted by local community associations and the police 	○	<ul style="list-style-type: none"> ● Continue thorough provision of legally required information ● Maintain positive relationships by participating in dialogue with communities and activities by local authorities, as face-to-face meetings, etc. ● Promote understanding of the Company through continued participation in and observation of comprehensive disaster-prevention drills
Sustainable Development	<ul style="list-style-type: none"> ● Reducing material procurement risks ● Promoting DE&I by implementing HR initiatives that enhance work-life balance and improve employee engagement 	<ul style="list-style-type: none"> ● Used bio-mass materials ● Ran EcoVadis CSR surveys for suppliers ● Reduction of overtime hours (decrease in the number of long-working-hour employees): 14.8 hours per person (96% vs. previous fiscal year) ● Considering extension of the retirement age and increasing holidays for shift workers 	○	<ul style="list-style-type: none"> ● Promote use of environmentally friendly materials ● Continue efforts to reduce overtime working hours ● Implement extension of the retirement age (October 2025) and introduce increased holidays for shift workers (July 2025)

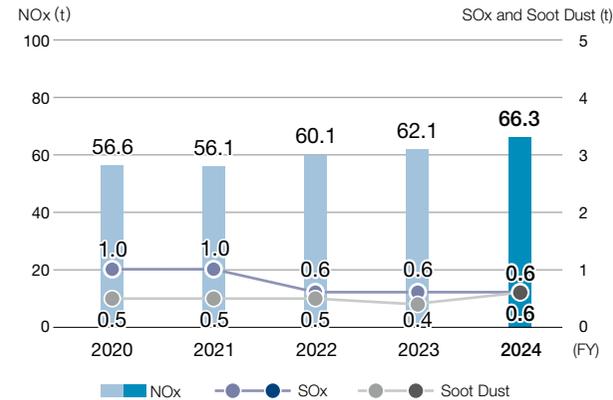
*Accidents involving estimated damage of ¥10 million or more, or those resulting in lost-time injuries or more severe personal injury, or those causing injuries to residents in surrounding communities requiring medical treatment or more serious care.

Environment *Applicable to domestic sites only.

Energy Consumption



Soot and Smoke (NOx, SOx, Soot Dust) Emissions

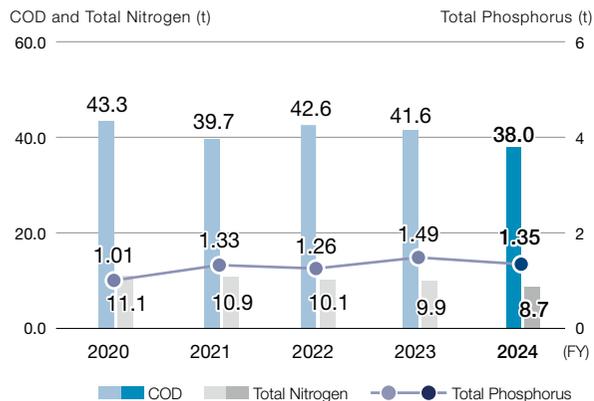


Emissions of PRTR Substances

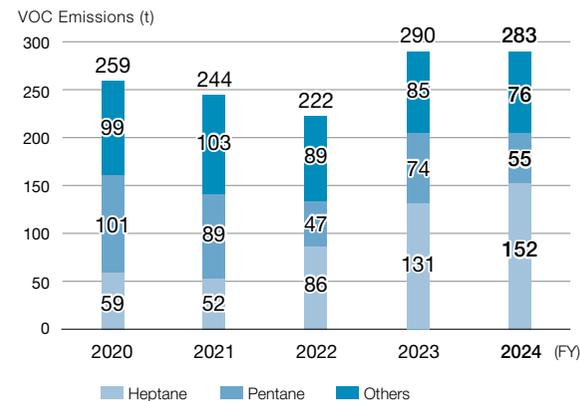
	2020	2021	2022	2023	2024
Heptane*	59 t	52 t	86 t	131 t	152 t
Methyl isobutyl ketone*	20 t	29 t	25 t	25 t	23 t
Hexane	26 t	28 t	20 t	19 t	9 t
Others*	16 t	19 t	16 t	13 t	15 t

*Substances to be reported have changed since FY2023.

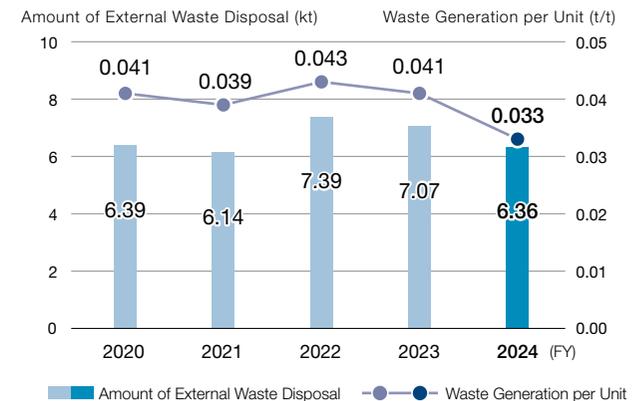
Water Contamination Load



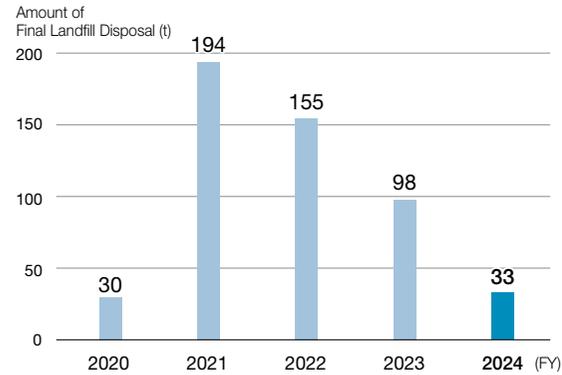
VOC Emissions



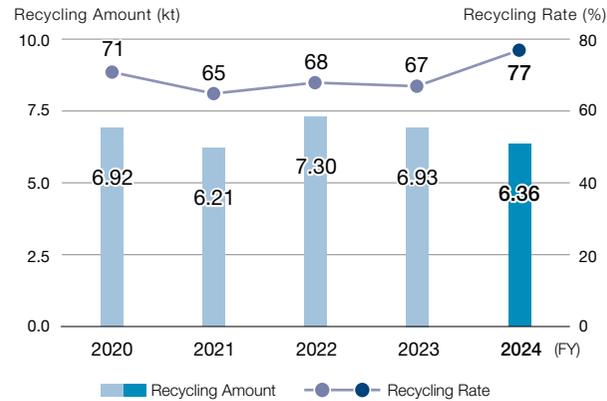
External Waste Disposal / Waste Generation per Unit



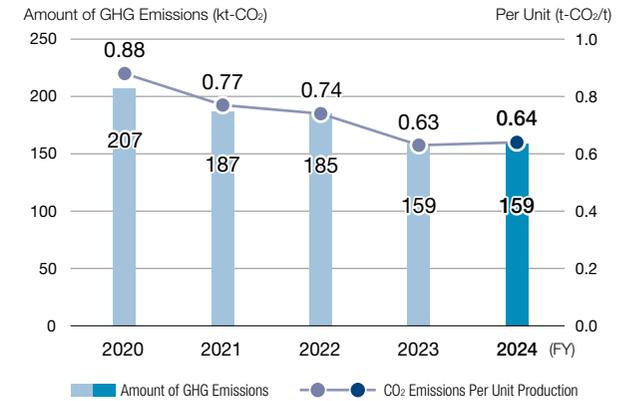
Amount of Final Landfill Disposal



Recycling Amount and Recycling Rate

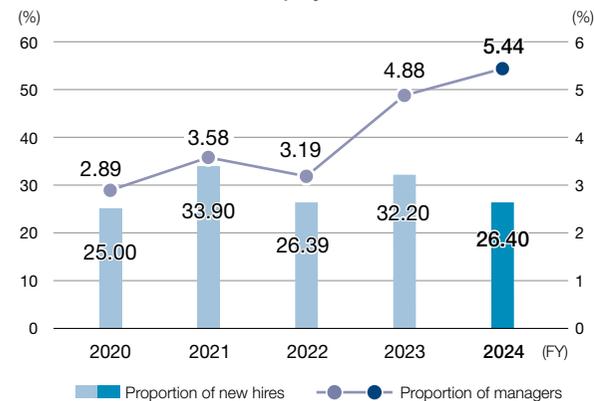


Amount of Greenhouse Gas (GHG) Emissions (Per Unit)

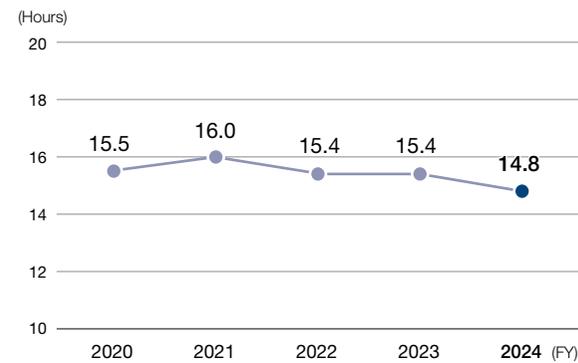


Human Resources *Applicable to domestic sites only.

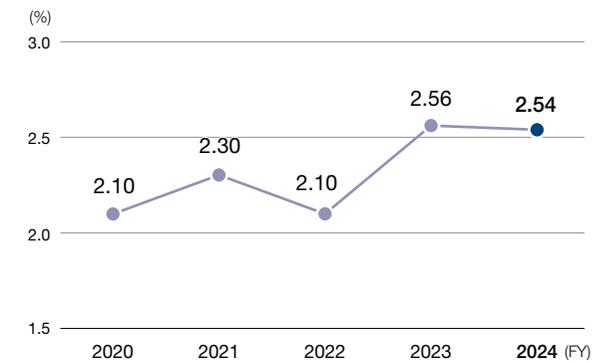
Ratio of Female in Managerial Position and the Ratio of Female Employees to All Hires



Overtime Hours



Employment Rate of People with Disabilities





Contact

 **SUMITOMO SEIKA CHEMICALS CO.,LTD.**

The Sumitomo Building 4-5-33 Kitahama, Chuo-ku, Osaka 541-0041, Japan
TEL.+81-6-6220-8508

© Sumitomo Seika Chemicals Company, Limited.
November 2025