

**GLOBAL COMPACT**

Progress  
Communication **2021**



**SUMITOMO CHEMICAL**  
Latin America

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## About this report

For the third consecutive year, Sumitomo Chemical presents its follow-up report on actions related to the Ten Principles of the United Nations (UN) Global Compact. Even before adhering to the document, in 2019, through its Brazilian subsidiary, the company assumes the commitments it advocates, such as guaranteeing human rights and decent working conditions, promoting diversity and inclusion, protecting the environment, and preventing corruption.

Since 2015, the company has also aligned its actions with the 17 Sustainable Development Goals (SDGs), also from the UN, and the global guidelines defined by its headquarters in Japan. Detailed in this report, the initiatives reflect the search for constant improvement of operations, so that business contributes to social well-being and the reduction of socio-environmental impacts. In this sense, the SDGs and the Global Compact also establish pillars of the Sustainability Committee, operating throughout Latin America.

By exposing its sustainability strategies, the company is not limited to actions conducted in Brazil, but extends them to Sumitomo Chemical Latin America (SCLA). Both use as a parameter the fiscal year, which, in this document, comprises the period between April 2021 and March 2022.

As in the previous year, the content was guided by the material aspects determined globally, with adaptation of the priority themes to the Latin American reality, which had already resulted in the inclusion of the People approach. SCLA also redesigned its corporate culture with the objective of reinforcing important values that permeate its business and strategy, thus contributing to the consolidation of the company after the acquisition of Nufarm's operations in Latin America in 2020. As a continuous improvement, the company presents in this document, for the first time, indicators from the Global Reporting Initiative (GRI), an international and independent organization that establishes reporting standards focused on assisting the communication of companies and governments on critical topics of sustainability, such as climate change, governance, human rights and socioeconomic and environmental impacts.

The indicators reported here demonstrate that sustainability, safety and product quality make up the organization's continuous focus – which plans to evolve more and more in relation to each of the principles of the Global Compact and the SDGs, collaborating to build a better society to live in.

# The 10 Global Compact Principles

## Human Rights

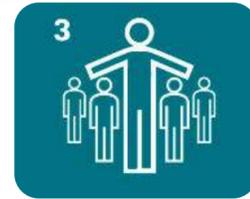


The companies should support and respect the protection of recognized human rights.

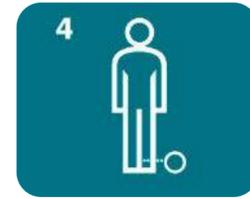


Make sure that they do not participate in violations of these rights.

## Work



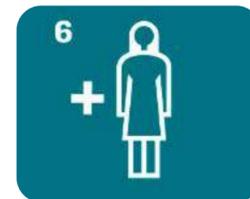
The companies should support the freedom of association and the effective recognition of the right to collective bargaining.



The elimination of all forms of forced labor or compulsory.



The effective abolition of child labor.



Eliminate discrimination in employment.

## Environment



The companies should support the preventive approach to the environmental challenges.



Develop initiatives to promote environmental responsibility.



Encourage the development and diffusion of environmentally friendly technologies.

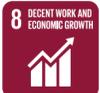
## Anti-corruption



Businesses should combat corruption in all its forms, including extortion and bribery.

# Commitments to development

In order to transparently expose its progress actions under the Global Compact and SDG principles, SCLA relates the main commitments to its performance, as shown in the table below:

Chapter	Global Compacts Principles	Sustainable Development Goals
 <b>Corporate Profile</b>		       
 <b>Governance and Sustainability</b>		   
 <b>People, human rights and labor management</b>	     	      
 <b>Environmental management</b>	  	      
 <b>Corruption Prevention</b>		 

# Leadership message

The Covid-19 pandemic, which surprised everyone in early 2020, continued to impose obstacles in 2021, circumvented by the experience and agility of our employees and the solid partnerships signed with suppliers over the years. Thus, it was possible to meet the demands and commitments made with distributors, cooperatives and direct customers.

Internally, we continued the integration process of the legal entities Sumitomo Chemical Representations Ltda. and Sumitomo Chemical Indústria Química do Brasil S.A., formerly Nufarm, in addition to the improvement of the facilities and the consolidation of our culture and values among the teams, always focused on the safety and well-being of all those around us.

Still facing a challenging scenario, we maintained our commitment to innovate, researching and developing sustainable and efficient solutions that contribute to food security, population health and generate less impact on the environment. We are increasingly investing in products of biological origin, biorrational products, offering the market hybrid solutions that increase the productivity of the field, the effectiveness in combating diseases and crop protection.

Based on the internal philosophy of balancing business and benefits for society, “Jiri-Rita Koushi-Ichinyo”, we develop our activities with a view to guaranteeing human rights and decent working conditions, promoting diversity and inclusion, protecting the environment and preventing corruption. Thus, we put into practice the principles of the Global Compact and the UN Sustainable Development Goals, to which we are committed.

As a company that seeks to continuously innovate, we have many plans for the coming year, including the launch of fungicide that will strengthen our position as a supplier of sustainable solutions for different segments. We will also continue to consolidate our portfolio in all business units, as well as programs and partnerships in different areas, seeking, increasingly, to be a company of relevance to the market and society. In short, we will continue doing business ethically and sustainably, combining growth with care for people and the environment.

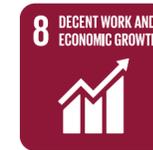


**Juan Ferreira**

President of Sumitomo Chemical Latin America



# Corporate Profile



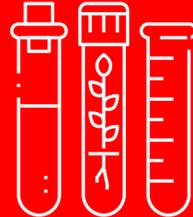
# Sumitomo Chemical in Brazil and worldwide

In 1913, when it was founded in Japan, Sumitomo Chemical produced fertilizers from the sulfur dioxide present in the smoke released by the foundry of the copper mine at Niihama. After 108 years, the company expanded its operations worldwide, now adding 218 subsidiaries and more than 30,000 employees, but without losing its essence: promoting business while preserving harmony between the individual, the nation and society, as determined by the traditional Japanese concept: "Jiri-Rita Koushi-Ichinyo".

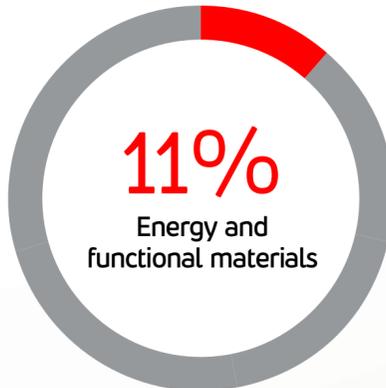
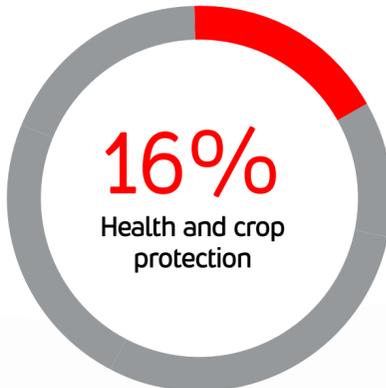
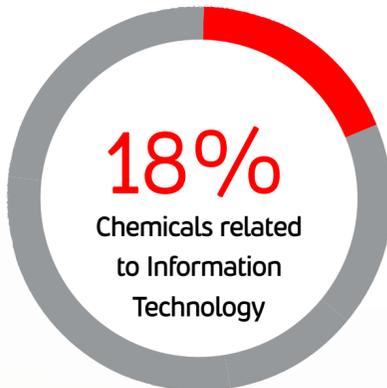
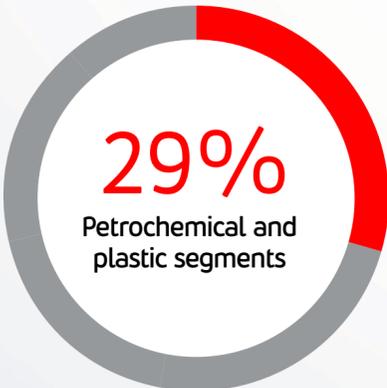
The company operates in the petrochemical and plastic segments (29% of global businesses), pharmaceutical (23%), chemicals related to Information Technology (18%), health and crop protection (16%) and energy and functional materials (11%).

Sumitomo Chemical Latin America (SCLA), founded in 2011, is headquartered in Brazil, in the city of São Paulo, and houses all the health and plant protection businesses in Latin America. It also has offices in Cali, Colombia; in Buenos Aires, Argentina; and in Santiago, Chile. In 2020, SCLA acquired South American operations from Australian company Nufarm - one of the world leaders in crop protection products. Thus, it incorporated the industrial complex of Maracanaú, in Ceará (CE).

In Brazil, Sumitomo Chemical has been operating since 1975, in a trajectory highlighted by the creation of the Latin American Research Center (LARC) in the city of Mogi Mirim (SP), in 2016, where the research, development and evaluation of crop protection products are carried out.



In Brazil, where it operates **For 47 years**, the company has maintained the **Latin American Research Center (LARC)**, based in the interior of São Paulo.



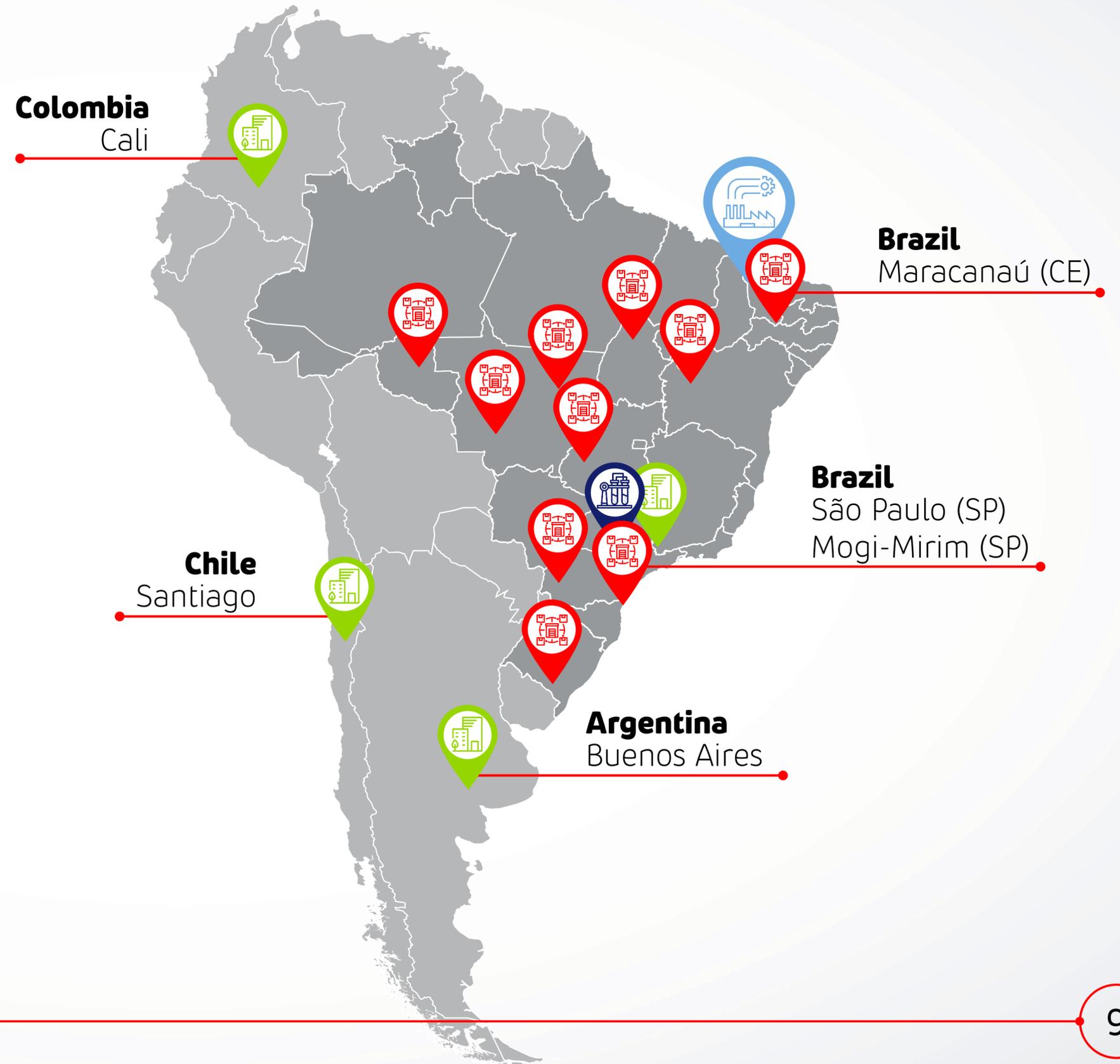
## Investment in facilities

In fiscal 2021, SCLA invested BRL 36 million in its industrial complex, which included the modernization of equipment, facilities and the construction of the concentrated herbicide suspension plant. Another unit is being built for the production of fungicide. These initiatives enable the company to prepare, in its own units, 100% of its products – hitherto outsourced –, reducing costs, Greenhouse Gas (GHG) emissions and expanding process quality monitoring.

In the industrial complex, investments were also directed to expand the size and capacity of the distribution center, with several logistics modes – cabotage, rail and land –, favoring inventory control and direct sales.

The year also saw the reform of the offices, for a more sustainable, inclusive and business-related footprint, which included reference to the environment, *coworking* spaces, nursing room and decompression area, among other items.

			
<b>Office</b>	<b>Industrial Park</b>	<b>LARC</b>	<b>Distribution Center</b>
			



# Business segments

SCLA operates in three business divisions: Solutions for Agriculture, Environmental Health and Animal Nutrition.

## Agriculture Solutions

It is Sumitomo Chemical's crop and pasture protection unit that includes sustainability and food safety in the development, production and marketing of hybrid solutions for crop protection and productivity increase. Its portfolio is composed of herbicides, fungicides, insecticides, bioreactive biological products (biological and growth regulators), adjuvants, growth regulators and seed treatment products, which protect crops from sowing to post-harvest. The Agriculture Solutions division provides differentiated technical assistance to the rural producer through specialized teams dedicated to meeting the demands of each region.

### Biorationals and soil health

The company has gradually expanded its investments in so-called hybrid solutions, that is, a combination of less environmentally aggressive chemicals with biological solutions, called biorationals – a market in which it is already a world leader.

Used as growth regulators and for the control of pests, diseases and nematodes (small organisms that live in the soil), biorationals are any type of active product or insecticide that does not act on organisms that are not targets and does not interrupt biological control. Thus, they have become a fundamental input to assist rural Farmers in sustainable cultivation and in increasing profitability and, consequently, productivity.

An example of a product of biological origin from Sumitomo Chemical is DiPel, which, in 2021, completed 50 years, which attests to its benefits to agriculture and the environment. Prepared from a bacterium naturally developed in the soil, DiPel is also safe for the farmer, acting specifically in the control of Lepidoptera (initial phase of some insects), without affecting others considered beneficial, such as pollinators and predators of other pests. It is also effective in cases of resistance to insecticides from other chemical groups.

Another important aspect in crop protection, soil health, is considered by Sumitomo Chemical, which develops research with mycorrhizae – structures formed during the symbiosis between roots and soil fungi – in order to improve the physical structure of the soil, aeration and fertility, as they increase the absorption of nutrients by the roots of plants.





## Environmental Health

The Environmental Health division develops and markets raw materials and products for the control of domestic pests and public health.

### Custom Solutions

This area is dedicated to the production of active ingredients that go into the composition of domestic insecticides, such as aerosols, lozenges, liquid vaporizers, spirals and others. Since the 1950s, Sumitomo Chemical is a leader in the development and production of technical insecticides of the group chemical pyrethroids, natural pyrethrin derivatives (substance found in chrysanthemums), which are highly safe for humans and mammals. The company markets around 10 different pyrethroid insecticide assets in more than 80 countries, targeting the control of cockroaches, flies, mosquitoes, scorpions and spiders, among other insects, keeping the environment free of pests that cause disease and annoy the population.

### Animal Nutrition

With more than 50 years of experience, the Animal Nutrition division is dedicated to the manufacture and sale of powder and liquid methionine, used as an additive for food, especially poultry and pigs. The substance contributes to the growth and optimization of the production of different species. There are products for poultry, eggs, pigs, salmon and aquaculture, as well as pet food.

### Professional

The company focuses on the development of innovative solutions for the professional control of urban pests such as cockroaches, ants, flies, mosquitoes, termites and others, which cause damage to property and contamination of food. The professional line has products directed at commercial environments, warehouses, transportations, hospitals and industries, among others.

### Public Health

This segment is dedicated to the development and the marketing of organic larvicides and chemicals, adulticides and mosquito nets embedded with high-tech and security developed in Japan. With these solutions, the SCLA contributes significantly to the health of the population, reducing diseases such as Dengue, Zika, Chikungunya and Malaria.



# Our way of being and acting

Sumitomo Chemical is based on outstanding aspects of the ancient Japanese culture, such as the importance of reputation and ethical behavior above all, *compliance* with standards and procedures and care with quality, safety, environment and people. Its business principles are inspired by the Japanese concept “Jiri-Rita Koushi-Ichinyo”, which means to benefit the company (jiri) and serve the interests of the nation and society (rita), in an integrated way (koushi-ichinyo).

The company also respects the guidelines of Sumitomo Chemical's Charter of Business Conduct, which establishes the code of behavior and guides the company's compliance system, and the Business Philosophy document, prepared in the 17th century to establish the way of being and acting based on the premises:



**We are committed to creating value based on innovation**



**We work to contribute to society through our business activities**

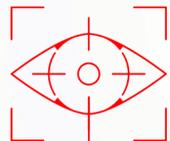


**We have developed a vibrant corporate culture and remain a company that society can rely on**



## Business Principles – the Sumitomo Chemical Spirit

- Sumitomo Chemical must achieve prosperity based on solid foundations, placing paramount importance on integrity and good management in the conduct of its business.
- Sumitomo Chemical's business interest must always be in harmony with the public interest; Sumitomo Chemical must adapt to good times and bad, but never engage in any immoral activity.



### Corporate vision

- To sustainably achieve strong growth and be perceived as one of the leading global innovation companies.
- Find solutions to current challenges, such as energy and food safety, and contribute to the sustainable development of the global community.
- Continuously increase the value of the company.



### Global corporate values

#### Feeling

- ✓ **Confidence** – Having complete confidence in the abilities and methods of others and ability to see things entirely under any circumstances.
- ✓ **Empathy** – Have respect for others' ideas, opinions and skills and willingness to help them.
- ✓ **Passion** – Have a positive attitude and the desire for continuous improvement, focus on work and motivate and inspire people to act

#### Action

- ✓ **Initiative** – Make quick decisions on difficult issues and work persistently until problems are resolved.
- ✓ **Respect** – Giving and earning respect through teamwork, mutual understanding and assistance.
- ✓ **Innovation** – Being a person who has initiative, who avoids complacency and strives to innovate without fear of failure.

## TO BE SCLA

In addition to aligning with global guidelines, Sumitomo Chemical Latin America has its own **Culture Manifesto**, SER **SCLA**, which formalizes the conduct of business in an ethical and sustainable manner. Thus, in addition to the delivery of financial results, it provides for the contribution to the preservation of the planet and the development of society, in order to leave a positive legacy for future generations. The Manifesto also consolidates the objective of providing outstanding experiences to customers, with the understanding of their needs and the commitment to make everything better, more efficient and agile, to offer innovative and sustainable solutions, exceeding expectations. In addition, it addresses the belief that trust and respect are fundamental in building lasting relationships, which is why employees are continuously empowered and trained, in a challenging, collaborative, diverse and inclusive professional environment. This is the WAY Sumitomo Sumitomo Chemical Latin America is based on the following values:



**Employee Experience** – Enchantment and High Performance: We take care of our employees throughout their journey.



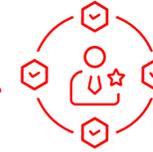
**Ethics** – What is right is right, even if no one is looking: We act in accordance with legislation, ethical and company principles.



**Responsibility** – The company's commitment is mine too: We think, take initiative and act with a sense of ownership.



**Sustainability** – “Jiri-Rita Koushi-Ichinyo”: We are committed to the economic results of the company, respecting the environment and society.



**Customer at the center** – Customer is always at the center of our decisions: We always strive to exceed customer expectations.



**Trust** – Trusting each other, we face any challenge: We promote dialogue and cultivate relationships based on mutual trust.



**Collaboration** – Working together, we go further: We believe in teamwork as a prerequisite for our success.



**Innovation** – Our open mind for the new: We seek continuous improvement or new solutions in everything we do.



## Mission

Promote **well-being**, offering **sustainable solutions** for food production and the health of society.



# Governance and Sustainability

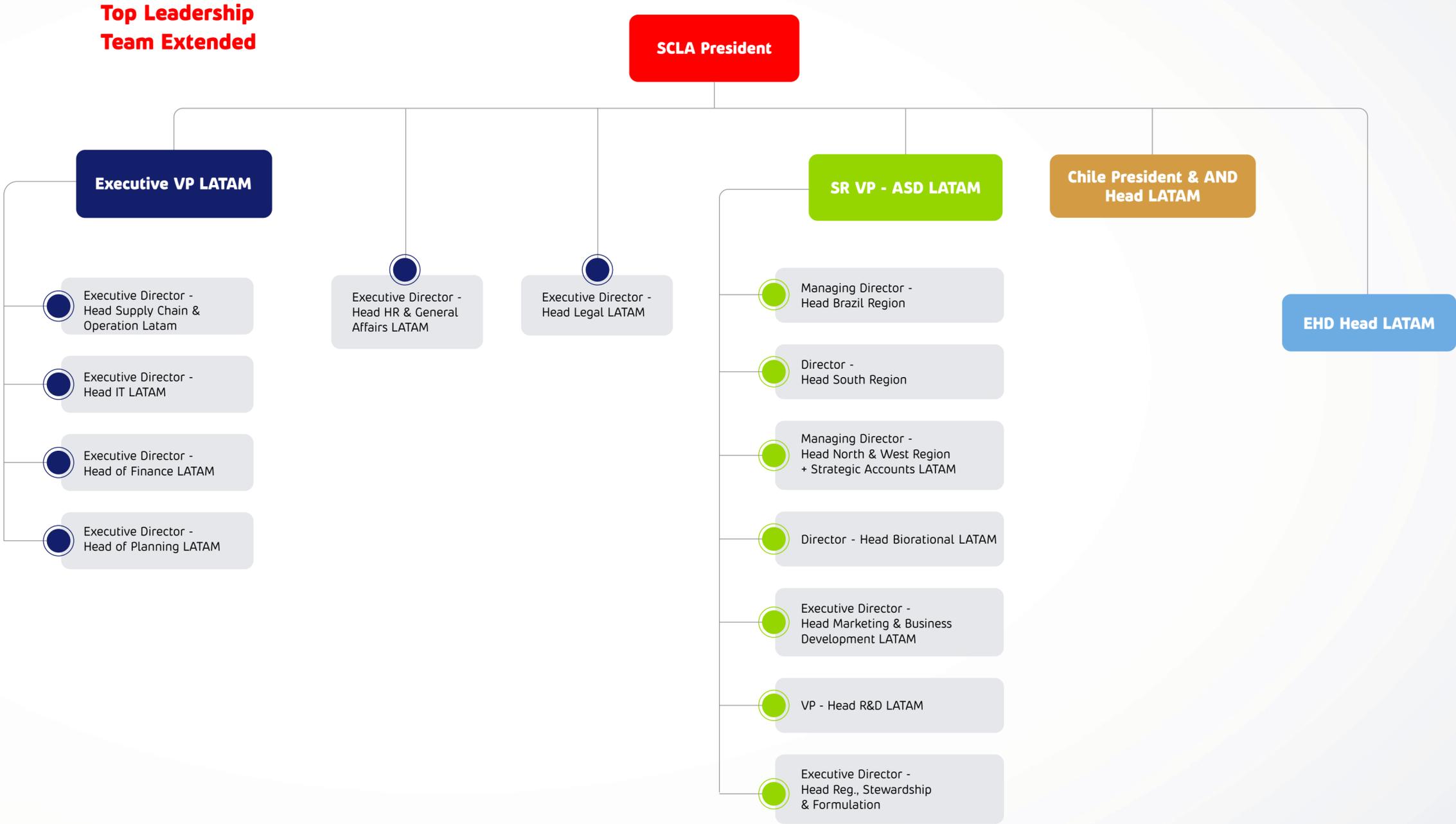
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# SCLA Governance

Sumitomo Chemical Brasil is one of the subsidiaries that integrate Sumitomo Chemical Latin America (SCLA), together with Argentina, Chile and Colombia. The structure of governance of SCLA was defined in accordance with the diagram on the side.



Policies and **codes** support the legal and **ethical** conduct of **employees** and partners.



## Compliance policies and Ethical Code

Integrity and the search for balance between its interests and public interests are values fed by the company, which, globally, establishes a series of codes and policies for employees and partners to maintain legal and ethical conduct, as well as to prevent and treat any nonconformities.

In all regions, the Compliance Committee is maintained, which evaluates changes in policies and procedures, seeks alternatives for strategic cases, proposes ways to mitigate risks and monitors and validates decisions regarding investigations. In Latin America, the body is composed of the Presidency, Vice-presidency of Operations, Executive Board of Human Resources and General Affairs and Executive Board of Legal and Compliance. The *heads* of the three business divisions are also invited to participate in the activities.

After the acquisition of Nufarm, the Code of Ethics and Conduct was revised, considering the local law of each of the countries where Sumitomo Chemical operates. Themes such as prevention of harassment and discrimination and conflicts of interest in the conduct of business are some of those addressed in the document.

In fiscal 2021, 61 virtual training sessions were held on the document, reaching approximately 900 employees in Latin America, in addition to 11 training sessions during the company's *onboarding* program for new professionals. Thus, 100% of the team was trained on the subject.



# Sustainability

## BRF's Sustainability Policy

Contemplated in the principles established by the headquarters and in the Business Philosophy, sustainability guides the strategies and initiatives conducted by Sumitomo Chemical in all areas. To reinforce this value, SCLA also has a Sustainability Policy, which promotes six global principles:



### Principle 1 – Value

Creation of economic value that helps create social value (promoting the creed: “Our business should benefit society in general, not just our own interests” (Jiri-Rita Koushi-Ichinyo)).



### Principle 2 – Contribution

Contribution to the solution of issues that are globally vital, such as the establishment of a diverse and inclusive society and the fulfillment of the Sustainable Development Goals (SDGs), as well as the conduct of business in accordance with accepted universal standards and principles, including those relating to human rights, labor, security, the environment and the fight against corruption.



### Principle 3 – Partnerships

Active participation in global initiatives – play a leading role in multilateral initiatives through active participation in various national and international partnerships with organizations, governments, companies, associations, universities, academic circles, community, etc.



### Principle 4 – Collaboration

Work closely with the various stakeholders, promoting the spontaneous dissemination of information and open dialogue on the objectives of our sustainability promotion initiatives and the progress of their implementation.



### Principle 5 – Commitment

Commitment of senior management and participation of all to promote sustainability with a strong shared sense of mission and great enthusiasm.



### Principle 6 – Governance

Strengthening corporate governance, periodically evaluating, reviewing and improving our activities in a continuous and proactive way to promote sustainability.

## Priority topics

In 2019, Sumitomo Chemical launched a three-year corporate business plan globally. After analyzing the structure, policies, processes, business activities, market practices, relationships with other companies and with society, among other aspects, four priority areas for corporate development were defined:

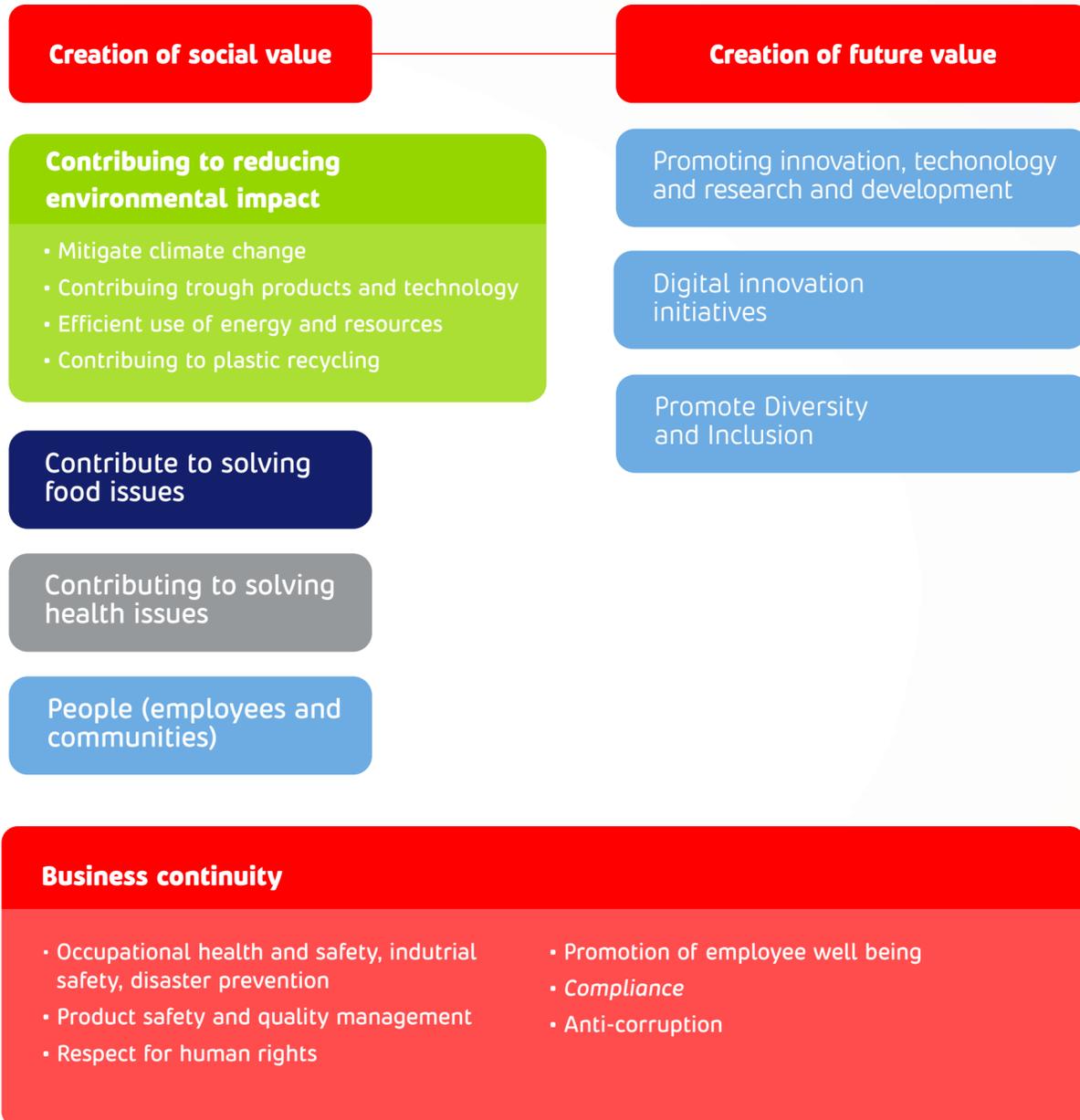
- Health
- Environment
- Food & Agriculture
- Information and communication technologies (ICT)

From the study, seven material issues were also selected, fundamental to the business continuity and reflecting the company's commitment to sustainability and its philosophy of balancing business with the interests of society. The material issues guide the development of the actions and are divided into two perspectives: creation of social value, linked to the company's current business; and creation of future value, with emphasis on initiatives aimed at the coming years, established according to

the priorities defined by the headquarters in Japan and are appropriate to the needs of the region. The priority aspects for the company are aligned with the UN Sustainable Development Goals, the Ten Principles of the Global Compact and the pillars of the Sustainability Committee.

SCLA opted for the inclusion of the People theme – which covers human resource management, social investment and volunteering – due to the impacts of its reorganization, amid the Covid-19 pandemic, and the recognition of the benefits provided by social responsibility programs in Latin American countries. The care for people is a brand of the company not only in the actions dedicated to employees, but as a reflection of the concern for the society as a whole.

## SCLA material topics



## Sustainability Committee

Making SCLA recognized as a company that generates profit through products and practices that respect people and the planet in all its forms and relationships is the mission of the Sustainability Committee.

Created in 2018, the following year, with the adhesion of the Brazilian subsidiary to the Global Compact, the agency became also responsible for conducting the Ten Principles. Its members participate in four of the seven thematic platforms organized by the Compact Network in the country: Action for the SDGs, Action for Sustainable Agribusiness, Action for Human Rights and Action against Corruption.

The Sustainability Committee is divided into seven pillars – a constitution that has been in force since 2020, when the committee was remodeled, receiving new volunteers representing all SCLA's business units and regions of operation. Each group has, as sponsors, the participation of the main executives of the company. The instance also follows some directions, such as the engagement of senior leadership, so that key messages reach all employees, and the participation of employees, which includes immersion in sustainability and in the solutions offered by the company itself.

After the restoration of the pillars of the Sustainability Committee, the groups defined and executed their action plans. Among the initiatives in each of the pillars are:

- Creation of the SDG Day, for the dissemination of the UN Sustainable Development Goals (SDGs) among employees;
- Monitoring the commitments of the Global Compact;
- Encouraging participation in the Sumika Sustainable Solutions program, launched in 2016, with the objective of identifying products and technologies that contribute to the achievement of the SDGs; and
- Launches of the Diversity and Inclusion Policy, the Sustainability Policy, the Volunteer Manual and the Environmental Services Payment Program.

## Pillars of the Sustainability Committee





## Immersion in sustainability

Held annually, the global Jiri Rita project is a competition that involves the approximately 30,000 employees of Sumitomo Chemical. The project platform, available in several languages, includes content on sustainability, climate change, the 2030 agenda and the Global Compact, among others. Employees are also invited to propose actions and relate their daily activities to the SDGs.

Participation in the global project was important for SCLA, as it represented a starting point for the dissemination of the sustainability culture among new employees. In 2020, 57% of professionals participated in the immersion. SCLA was among the ten best performing subsidiaries in the competition among more than 200 subsidiaries. The objective for the next year is to engage more employees in the immersion and return to being among the best subsidiaries in the global *ranking* of participation and knowledge on the subject.

## Green Finance

In SCLA, sustainability is incorporated into the internal culture and disseminated in different sectors, either through its biological or chemical products, with less impacts on the environment, or in the form of production, which seeks to reduce waste, recycle and save inputs.

By 2022, the company expects to further advance its commitment to sustainability through “green finance.” The goal is to relate sources of funding to sustainable practices. Customers who demonstrate greater use of biorationals or proper management of their crops, for example, would have additional discounts or better financing rates. The company is also studying the launch of Agribusiness Receivables Certificates (CRA) and “green” Barter operations.

## Social Responsibility

The Good Formula program houses all the social actions carried out by Sumitomo Chemical. The projects are aligned with the Sustainable Development Goals, mainly related to the Social and Volunteer pillars of the Sustainability Committee.

The company engages its employees in actions that seek to impact and transform communities, meeting the demands of different realities. In partnership with several institutions, Sumitomo Chemical supports education, vocational training, art and sport projects in socially and economically vulnerable communities throughout Latin America.

In 2021, campaigns were carried out ranging from the donation of furniture, computers and school supplies to third sector institutions, to actions to combat hunger. In addition, Sumitomo Chemical participates, annually, in campaigns on commemorative dates such as Christmas and Children's Day, in addition to the Wrap Campaign, during the winter.

SCLA is also present in national mobilization campaigns, such as SOS Bahia, with donations for the victims of the floods caused by the intense rains that hit the state.

In most cases, the company undertakes to donate the same amount collected by employees. Sumitomo Chemical also performs charitable *lives* for viewers to donate while following the schedule of events.

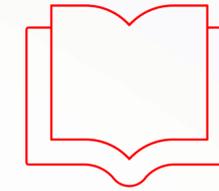
The company is restructuring its group of volunteers, mapping the availability of employees, as well as interest in each cause. In 2021, SCLA launched the Volunteer Manual, with guidelines for those who want to participate in the actions.

### Encouraging social entrepreneurship

Sumitomo Chemical is a partner of the Enactus organization, present in 37 countries, which seeks to bring the business and academic universes closer together, stimulating social entrepreneurship. Every year, the Enactus Brasil National Event (Eneb) selects the best social entrepreneurship projects developed by students. In 2021, the theme of the marathon was "The strength of our generation". Winners participate in the international Enactus World Cup competition.

In addition to supporting the competition, being a member of the *board* and participating in the judging committee, Sumitomo Chemical grants special awards, recognizing the best projects in line with the 2030 Agenda of UN Sustainable Development Goals. In 2021, the company and Enactus Brasil promoted the ninth edition of the Sustainable Society Award, with the objective of developing communities in situations of social vulnerability for the benefit of a more sustainable society. Ten projects selected in seven different states, among 86 subscribers from 15 states, received investments and mentoring from company employees.

The great winner of the competition was the Roots project, prepared by a group of students from the Federal University of Viçosa – Rio Paranaíba Campus. The proposal, unprecedented on the market, is to combat the waste of carrots after harvest, outside the aesthetic standard required by consumers, using them as raw material in the production of bovine food supplementation. All production is carried out by a local community in a situation of social vulnerability.



Besides having launched the **Volunteering Manual**, the company has been **encouraging the practice** through a mapping of causes and availabilities.

## Sumitomo Chemical Investments

In total, in 2021 Sumitomo Chemical invested, through its own resources, more than BRL 474 thousand, an amount six times higher than that invested in 2020. The largest share of these resources (77%) was directed to the Enactus Project. In total, the shares benefited 7,466 people in 2021.

Project/Activity	Description	Location	Total number of beneficiaries	Amount invested (BRL)
Furniture donation	Donation of furniture to Love for Next and Future Scenarios institutions	Jaguaribe/CE and São Paulo	400	-
Computer Donation	Donation of computers to set up a computer lab for children and adolescents	Guaianases/SP	600	-
Donation of school supplies	The campaign consists of delivering school <i>toolkits</i> to rural schools in Colombia	Colombia	20	-
Action to combat hunger	In view of the new scenario to combat Covid-19, in partnership with the Save Lives Project (Association of residents of the New East), Sumitomo Chemical purchased basic food baskets from local traders, in order to minimize the damage caused to local trade. 150 food baskets were also donated to the community in a state of social vulnerability in the municipality of Maracanaú	Maracanaú / CE	150	20,100.00
Donation of Masks and Gloves	In view of the new scenario to combat Covid-19, Sumitomo Chemical donated more than 10,000 gloves and 20,000 masks to the municipality of Maracanaú for hospital use	Maracanaú / CE	1,000	10,000.00
Warm Clothing Campaign	Donation of blankets and clothing	São Paulo/ Mogi Mirim	780	-
Donation of coats	In partnership with Algodão que Heece, a social project that serves the student community of riverside regions in Western Bahia, Sumitomo Chemical promoted the donation of coats made of cotton. The action also included encouraging the continuity of studies.	Bahia	4,000	50,000.00
Kid's Day	Donation of Hot Dog Items for Children's Day at the Military Police Battalion	Mogi Mirim (SP)	500	3,000.00
Christmas Campaign	Donation in cash to the Institutions	LATAM		13,620.00
SOS Bahia	Collection campaign for family members in Bahia who lost their property due to flooding in the State (action started in December and concluded in January/2022)	Brazil	16	10,340.00
Enactus	It aims to bring the business and academic universes closer together, stimulating social entrepreneurship	Brazil	944	367,083.00
<b>Total</b>			<b>7,466</b>	<b>474,143.00</b>

## Encouraged institutions and projects supported in 2021

In line with its purpose of contributing to sustainable development, Sumitomo Chemical directs resources, through tax incentive laws, to several actions with transformative potential. In 2021, the projects supported were:

### Fund for the Elderly

**Live the life 60+** – The project, developed at the Elderly Home of the Institute of the Poor, in Maranguape, Ceará, is maintained by the Association of Capuchin Sisters and aims to promote active and healthy aging, guaranteeing the right to quality of life, access to basic fundamental rights to the human person and multidisciplinary monitoring.

Number of beneficiaries: 80  
Amount invested: BRL 55,000.000

**Project Support for the Elderly** – The project provides comprehensive care to patients aged 60 years or older in the units of the Hospital de Amor, in Barretos, São Paulo. Costs related to cancer treatment and multidisciplinary activities developed continuously are included.

Number of beneficiaries: 15,000  
Amount invested: BRL 100,000.00



### Child and Adolescent Fund

**Programming and Learning – Idear** – The project consists of the development and continuous updating of methodology for the teaching of computer programming logic through the use of the environment and visual language. It is aimed at students from public schools in Maracanaú, Ceará, aged between 8 and 17 years, and we asked the institution that the vacancies opened through our financial support were intended for women. The final objective is to provide autonomy for learning through computer practices, allowing the sharing of experiences over the internet. In 2021, the action also includes complementary activities to attract participants, such as workshops, scouts, games, exhibitions, etc.

Number of beneficiaries: 600  
Amount invested: BRL 55,000.00

**Care Project** – The initiative serves children and adolescents who are undergoing cancer treatment at the Hospital Infanto-Juvenil de Barretos, in the State of São Paulo. All care activities are structured so that patients and their families can face the disease together. The project benefits 40,000 people.



### Law of Incentive to Sports

**Olympic Girl** – The action, held at the Menina Olímpica Soccer School, in Fortaleza, Ceará, encourages healthy sports practice among girls and women aged 8 to 17, and reveals female soccer talents. 140 vacancies are offered to practice this modality.

Number of beneficiaries: 140  
Amount invested: BRL 55,000.00

**Dente de Leite – Girls in Soccer** – The project, held in Diadema (SP) since 2016, aims to provide all the necessary structure for girls aged 8 to 17 to have a real opportunity for empowerment, professionalization, and social inclusion through soccer. It thus provides free sports training for girls in the public school system who are in a state of social vulnerability. One highlight is that the female technical team is composed of athletes and former professional athletes.

Number of beneficiaries: 150  
Amount invested: BRL 100,000.00



## National Program of Support to Oncological Care (Pronon)

**Geeon** – The Oncology Education and Study Group (Geeon) is an extension project of the Surgery Department at the Medical School of the Universidade Federal do Ceará. Committed to the defense of cancer control in the State, it promotes continuous prevention and research actions in order to generate epidemiological evidence regarding the types and frequency of cancers, as well as their association with hereditary predisposition syndromes to breast and ovarian cancer in the resident or descendant population of quilombos.

**Amount invested:** BRL 50,000.00



## Rouanet Law

**Flag in Schools** – Traveling exhibition composed of 20 replicas of the main works of the visual artist Antonio Bandeira, an icon of Ceará culture. The exhibition circulated through the public schools of Maracanaú, in Ceará, in an educational-cultural action, with lectures and distribution of didactic material for students, providing knowledge about the artist's life and work, as well as the dissemination and enjoyment of Brazilian art, the training and sensitization of young people and children to art and culture. In addition to stimulating the sensory and aesthetic field, the project aims to bring to children and young people, from 7 to 18 years old, a connection about the life and work of Antonio Bandeira, in order to contribute to interdisciplinary education. The exhibition marked the beginning of the celebrations for the artist's centennial, which takes place in 2022.

**Number of beneficiaries:** 12,000

**Amount invested:** BRL 200,000.00



**Cine Escola** – The Cine Escola project allows two thousand young people from 12 to 17 years old, from the public school system in São Paulo, the experience of experiencing a cinema session. In addition to the exhibitions, the project has audiovisual/animation workshops lasting 96 hours with two meetings of three hours per week for young people aged 16 to 24. Ninety vacancies were offered with a focus on training, insertion in the labor market and entrepreneurship.

**Number of beneficiaries:** 2,000

**Amount invested:** BRL 200,000.00



## Aid during the pandemic

In 2021, Covid-19 continued to affect the lives of thousands of families, with impacts on public health and increased social inequalities. In view of this scenario, Sumitomo Chemical continued its actions to combat the pandemic. An example was the donation to the municipality of Maracanaú, in Ceará, where the company has its industrial complex, of more than 10,000 gloves and 20,000 masks for hospital use.

Already in partnership with the Save Lives Project, of the Association of Residents of the New East, SCLA purchased 150 basic food baskets from local merchants, to minimize the damage caused to the economy of the municipality of Maracanaú. The baskets were donated to vulnerable communities in the region.



# Risk Management



Sumitomo Chemical continually reviews and improves its processes, seeking to identify possible risks and mitigate them. Risk detection, at an early stage, allows us to act to avoid or reduce possible impacts on the company and society. All companies of the Sumitomo Company Group act in the proper management of the risks associated with their business operations.

SCLA manages accident, image, and business risks. For better evaluation and management of business risks, it adopts the PDCA method, whose objective is to promote the continuous improvement of processes through four cyclical actions: planning, executing, checking and acting.

## Priority risk assessment

Every year, about 120 organizations of the Sumitomo Company Group carry out an evaluation process to identify priority risks to business and operations. Based on threat detection, a map of the main risks is created. The Internal Control Committee prepares regional or local action plans. Regular reports are made to monitor the actions taken. SCLA encourages the legal sector to be involved from the start of projects to mitigate risks.

### Financial risks

Credit risk is one of the company's concerns in Brazil and Latin America. Therefore, in addition to constant credit monitoring, SCLA has implemented tools to support the client in financing, transferring the risk to banking institutions.

The company expanded the offer of Credit Rights Investment Funds (FIDCs), a tool for securitization of receivables, launched new Agribusiness Receivables Certificates (CRA), in addition to having adopted cost *hedging* strategies, the so-called COGs (*Cost of Good Sold*) for purchases, reducing the impacts of exchange rate volatility.

It has also recently adopted a Barter program, through which the producer delivers its products to a *trading company* that pays directly to Sumitomo Chemical. This type of operation improves the level of guarantees, reduces exposure to foreign exchange and decreases the number of collection actions, contributing to reduce litigation.



### Risks assessed for the composition of the map

- Accidents and disaster risk
- Business risks
- Digital security (IT) risks
- Political and social risks
- Financial and tax risks
- Labor and people management risks
- Compliance and Legislation Risks

# Prevention of corruption

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The fight against corruption is considered globally a material issue for the continuity of Sumitomo Chemical's business. The company has several internal and external policies and controls, in line with international best practices, to ensure the compliance of its actions – such as the Compliance Policy, Global Responsible Purchasing Policy and Code of Ethics and Conduct.

All these policies were reviewed after the acquisition of Nufarm, in accordance with the local law of each country where Sumitomo Chemical is present, with subsequent training of employees. The company's contracts are also being updated to include, when necessary, anti-corruption, data privacy and *compliance* clauses in general.

Another action that contributes to anti-corruption practices is the segregation of duties and delegation of authority. These internal control features seek to prevent failures or fraud by decentralizing decisions and allowing function independence. In fiscal 2021, SCLA made a new analysis of its systems to ensure that these practices continue to be observed in all areas. Every year, internal control tools are audited in all Latin American countries.

## Antitrust Compliance and Corruption Prevention Committee

The fight against corruption was one of the priority themes defined by SCLA's legal and compliance teams for 2021. The Anti-Corruption Manual, prepared by the parent company, was translated into Portuguese and Spanish and adapted according to the legislation of each of the countries where the company has offices.

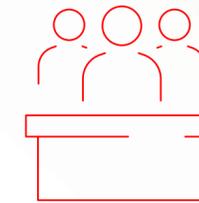
During the fiscal year, 53 training sessions were carried out throughout the Latin American region on the document, involving 85% of employees. The recorded version of the training has been made available on the corporate education platform and will be mandatory training for all employees.

Another tool used to combat corruption is the Anti-Corruption *due diligence* process, applied, according to the matrix's guidance, whenever the business partner interacts with public agents.

The process includes researching the companies' acts of incorporation, news published in the press to find out whether the partners have been involved in malpractice, and a questionnaire and interview with the main partners or directors of the firm or company. If there are no restrictions, a contract is prepared with *compliance* and anti-corruption clauses.

By the end of 2021, 29 anti-corruption *due diligences* had been completed and another 28 were in the approval phase. Currently the process is applied to all new hires, but the expectation is that the previous ones will be revised in 2022 according to these rules.

Globally, anti-corruption systems are managed by the Antitrust *Compliance* and Corruption Prevention Committee, created in 2012 and chaired by the company's global president. The committee is also responsible for practices that ensure free competition between companies. Sumitomo Chemical has a manual that guides employees on how to act to respect the competitive legislation in each country.



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In 2021 the company established **globally** the Antitrust Compliance Antitrust and Corruption Prevention Committee, which manages all systems related to the topic.

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Competitive law was also the subject of employee training in Latin America. In Brazil, in a first step, directors and managers participated in the initiative. Three training sessions were conducted on the competitive manual, reaching 77 leaders trained to date, or 91%. For next year, the training of coordinators and other employees without a management position is planned.

During the training, participants learn, with practical examples, to negotiate a contract with the competitor, how to behave in meetings with competitors or associations, types of sensitive information and those that can be exchanged with representatives of other companies, among other topics. Employees are also advised to contact the legal and *compliance* department in all dealings with competitors.

### **SCLA Compliance Policy**

SCLA has implemented all current policies in the Sumitomo Chemical Group related to *compliance*. The system that governs the subject is formed by several policies and tools, such as the Code of Ethics and Conduct, the Anti-Corruption Manual and the Competitive Manual. In addition to constant training objects, documents are available on the corporate internal network, accessible to all employees.

In addition, as new contracts are created, clauses related to ethics and *compliance* are added and/or updated, especially regarding ESG, anti-corruption, antitrust and data protection obligations.

### **Internal Ombudsman**

SCLA employees and suppliers may submit complaints or any occurrence of behavior deviations through the Internal Ombudsman. The reports, which can be made anonymously, are evaluated by the *Compliance* area and reported to the headquarters. The Compliance Committee proposes measures for the investigation process and monitors the progress until the end, when risk mitigation proposals or alternatives for alignment and implementation are generated.

The Internal Ombudsman can be contacted by e-mail ([ouvidoria.sumitomochemical@almeidaassociados.com.br](mailto:ouvidoria.sumitomochemical@almeidaassociados.com.br)) and telephone (+55 (11) 3045.5193). In 2021, there were no reports of complaints on the channel. In 2022, the Ombudsman is expected to be reinforced by *website* and application, available to receive complaints throughout the Latin American region. The new channels will facilitate the registration of reports and their follow-up.



# People Management, Human Rights and Work



Ensuring a safe, healthy, inclusive and collaborative organizational environment is critical for Sumitomo Chemical to fulfill its mission of promoting the well-being and health of society. Through corporate policies and leadership action, the company seeks to stimulate passion for the business, teamwork and focus on results among its employees, keeping the team engaged and proud to integrate the organization.

SCLA adopts as commitments the promotion of decent work and the appreciation of employees. The Human Resources & General Affairs area operates strategically on the pillars of employee experience, talent management, workforce management, climate, communication and culture.

## Composition of teams

In 2021, Sumitomo Chemical Brasil had 687 employees, 74% men and 26% women. Most employees (71%) are between 30 and 49 years old. There are no significant differences in team composition between 2020 and 2021.

### Total number of employees, broken down by functional category and gender

Functional category, by gender	2020					2021				
	Female		Male		Overall total	Female		Male		Overall total
	Total	%	Total	%		Total	%	Total	%	
Executive Board	5	25%	15	75%	20	5	26%	14	74%	19
Management	12	15%	69	85%	81	13	15%	72	85%	85
Coordinators	20	50%	20	50%	40	19	45%	23	55%	42
Technician/Supervision	4	16%	21	84%	25	0	0%	4	100%	4
Professionals	107	53%	95	47%	202	122	48%	134	52%	256
Operational	1	1%	125	99%	126	3	2%	125	98%	128
RTVs	6	5%	123	95%	129	14	9%	139	91%	153
<b>Total</b>	<b>155</b>	<b>25%</b>	<b>468</b>	<b>75%</b>	<b>623</b>	<b>176</b>	<b>26%</b>	<b>511</b>	<b>74%</b>	<b>687</b>

Age range	2020						2021					
	Up to 29 years		30 to 49 years old		50 years or over		Up to 29 years		30 to 49 years old		50 years and above	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Executive Board	0	0%	9	45%	11	55%	0	0%	8	42%	11	58%
Management	0	0%	60	74%	21	26%	0	0%	64	75%	21	25%
Coordinators	1	3%	39	98%	0	0%	1	2%	41	98%	0	0%
Technician/Supervision	10	40%	13	52%	2	8%	1	25%	2	50%	1	25%
Professionals	60	30%	130	64%	12	6%	66	26%	168	66%	22	9%
Operational	23	18%	91	72%	12	10%	24	19%	93	73%	11	9%
RTVs	22	17%	97	75%	10	8%	31	20%	111	73%	11	7%
<b>Overall Total</b>	<b>116</b>	<b>19%</b>	<b>439</b>	<b>70%</b>	<b>68</b>	<b>11%</b>	<b>123</b>	<b>18%</b>	<b>487</b>	<b>71%</b>	<b>77</b>	<b>11%</b>

## Pandemic and new form

The global health crisis remained a challenge in 2021, forcing teams to test new ways of working. In the first months of the year, face-to-face activities became optional. With the advancement of vaccination, 30% of the team in Brazil returned to work in the offices.

The goal was for 70% of employees to resume face-to-face activities in January 2022. However, with the emergence of the omicron variant and the vertiginous increase in the number of cases in Brazil, the recommendation was suspended. The company monitors the evolution of the disease in the places where it operates, taking measures to mitigate the risks to the health and safety of workers. The occupational health area also monitors cases of Covid-19 among teams and reports the data to the headquarters and the company in general.

## Occupational health and safety GRI 403-9

SCLA continuously invests in the improvement of its physical structures and its engineering controls, in order to avoid accidents of greater potential. With the same focus, it directs resources in the modernization of the industrial park, for safer equipment and the strengthening of the standardization of operations, in addition to training the execution teams to maintain the standards. It is also promoted a strict routine of audits, to identify opportunities and security deviations.

The main risks of operations are linked to flammable chemicals, but the most complex events materialized in accidents are not linked to this critical risk. PSM critical assets are controlled, with maintenance plans accompanied by redundancy, calibration of critical instruments and redundancy of process safety instrumentation. The risk control hierarchy follows in order of priority and control occurs from the combination of factors.

In 2021, no case of death or work-related injury was recorded among employees or third parties.

1

Engineering controls for elimination/or reduction of risk

2

Collective protections

3

Personal Protection Equipment

4

Standardization and training

## Employee health and safety fees and numbers

Rates <sup>1</sup>	2019	2020	2021
Number of deaths as a result of work-related injuries	0	0	0
Death rate as a result of work-related injuries	0.00	0.00	0.00
Number of high consequence work-related injuries (excluding deaths)	0	0	0
High consequence work-related injury rate (excluding deaths)	0.00	0.00	0.00
Number of reportable work-related injuries	1	1	0
Reportable Work-Related Injury Rate	0.52	0.53	0

1. Number of hours worked: Year 2019: 1,917,335; Year 2020: 1,901,493; Year 2021: 1,875,848.

## Health and safety rates and numbers for all third party workers

Rates	2019	2020	2021
Number of deaths as a result of work-related injuries	0	0	0
Death rate as a result of work-related injuries	0.00	0.00	0.00
Number of high consequence work-related injuries (excluding deaths)	0	0	0
High consequence work-related injury rate (excluding deaths)	0.00	0.00	0.00
Number of reportable work-related injuries	0	0	1
Reportable Work-Related Injury Rate	0.00	0.00	0.00

# Consolidation of Sumitomo Chemical culture

After acquiring Nufarm, Sumitomo Chemical underwent a period of redefinition of its structure, policies and, in the area of people, harmonization of wages and benefits. Integration between companies in 2020 was hampered by the pandemic, which made interactions mostly virtual. In 2021, with the bases already established, there was the consolidation of the Sumitomo Chemical culture among new employees.

Several initiatives were made for this purpose, starting with research, with the participation of more than 80% of employees, to identify the values perceived in the organization. The professionals were also asked about their own values and what would be necessary for the company. As a result, the following values were mentioned, integrated by senior leadership into Sumitomo Chemical Latin America's strategy:

- *Accountability*
- *Collaboration*
- *Customer at the Center*
- *Innovation*
- *Trust*
- *Sustainability*
- *Ethics*
- *Employee Experience*

To disseminate these values among all professionals, the SER SCLA program was developed, with several actions to implement and disseminate the new culture. In addition, culture ambassadors were selected, a multidisciplinary team with people from various departments and regions, who received the task of designing an action plan and planning processes and policies for the internalization of values among the team. Another action related to the culture of the new company was a survey to evaluate the gaps and strengths of the new values and leadership.

# Employee Experience

In order to take care of the employee's experience throughout their life cycle in the organization, several projects were conducted in 2021. One of them was the mapping of corporate happiness, which obtained positive results. The survey followed the methodology of positive psychology of the theory of well-being, known as PERMA – acronym for five measurable elements: *Positive Emotion, Engagement, Relationships, Meaning and Achievement*.

The level of stress of employees was also measured and actions were taken to resolve the main complaints. An example is the # sextou initiative, which discourages meetings on Fridays. Another action was the training of leaders to collaborate with the satisfaction of employees at work, the so-called leaders of corporate happiness. They also received training related to behavioral skills (*soft skills*).

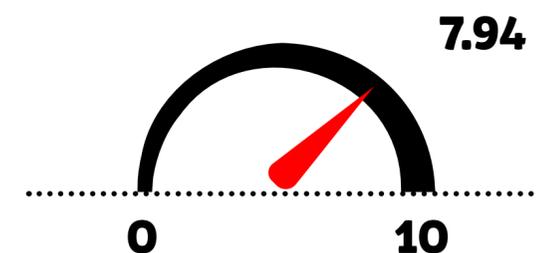
In training on conscious leadership, the aspect of diversity and inclusion and individual differences was addressed. Leaders were also trained on people management tools and *feedback*.

Among the factors that contribute to the employee's experience is remuneration, composed not only of the financial salary, but also of the so-called emotional salary, which includes subjective benefits, such as the company's culture and the prospect of developing professional skills. At SCLA, employees benefit from the Total Recognition Package, composed of remuneration, benefits, quality of life, development and internal environment.

The Human Resources team has been conducting a series of reviews in the description, level and nomenclature of positions to correct possible inconsistencies, as well as adjustments in the structures of positions and salaries. The next step in this project is the development of career paths, so that employees can view and plan their trajectories in the company.

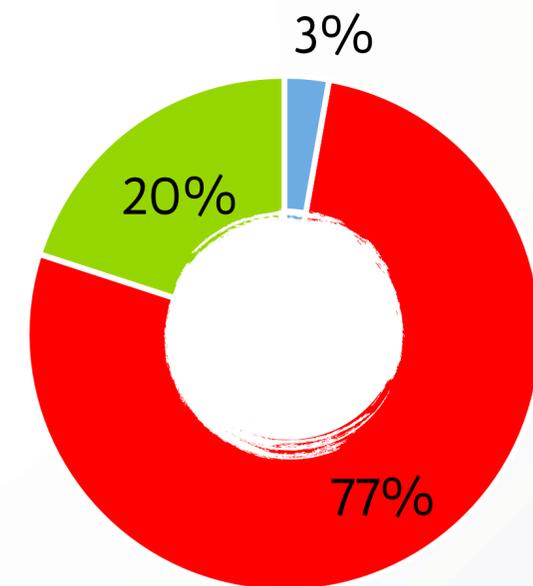


## happiness index



### Happiness Scale

0 to 4 points – Unhappy  
4.1 to 6.5 points – Neutral  
6.6 to 10 points – Happy



# Corporate University – SCLA University

Potential development and learning in the organization are essential to the employee experience. In this sense, SCLA University, launched in September 2021, supports professionals from their arrival at the company (*onboarding*) to their development, so that they reach goals in the next stages of their career.

Created with the participation of more than 110 Latin American employees, who pointed out the challenges of their areas of activity and the skills they would like to develop. The university provides training synchronously and asynchronously, as well as content about key behaviors, technical skills and functions specific to each area. It is organized into six *tracks*: Our fundamentals (Sustainability, Health, Safety and Compliance); Innovation as our DNA; Building Leadership Capabilities; Execution & Discipline as our drivers; Customer to customer; and People at the center.



In the first 6 months of its existence, 75 experiments were made available of learning, divided between 19 synchronous and 56 asynchronous, totaling:

**100** Trainings  
conducted

**5.348** hours  
of training

**1.835**  
participations

**9.5%**  
satisfaction



# Diversity and inclusion

Sumitomo Chemical understands that diversity and inclusion are essential for innovation and business success, as well as contributing to the construction of a more sustainable society. For this reason, it is a signatory to the Women's Empowerment Principles (WEP), in partnership with UN Women, and the commitment "Equity is a priority: gender", launched by the Global Compact Brazil Network. Diversity and inclusion are also themes of one of the seven pillars of the Sustainability Committee.

In 2020, the company set a goal for Brazil and Latin America to have at least 30% of high leadership positions held by women by 2025, a challenge, considering that 80% of the business encompasses the agro sector, mostly male. In this strategy, the company does not promote gender pay distinctions, with compatible salaries between men and women who occupy the same professional functions.

Thus, Sumitomo Chemical has worked to attract more employees to its staff and developed initiatives that promote female leadership. The selection processes began to observe the inclusion of at least one woman in their stages, especially in the commercial area. A program was also developed dedicated to attracting women as Technical Sales Assistants (ATVs), who work through cooperatives, with the purpose of incorporating them into the sales team in the future.

In addition to seeking to expand the number of employees, SCLA developed strategies for its team's employees, launching a diversity and inclusion policy and promoting research to determine gender-related wage differences. The company also has among its plans the launch of an internship and *trainee* program focused on women and mentoring for women.

In partnership with the non-governmental organization Women in Leadership Latin America (will), lectures on gender equity were held on dates such as International Women's Day. Parenting and the education of children were addressed in conversations on Mother's Day and Father's Day, in partnership with the My Child initiative in the curriculum. Violence against women was also the subject of an internal campaign.

## Mathematical ratio between basic salary for women and men in each functional category GRI 405-2

Functional category	2020			2021		
	men	women	mathematical reason	men	women	mathematical reason
Executive Board	105%	106%	1.00	109%	110%	1.01
Management	116%	99%	0.85	108%	110%	1.02
Coordinators	107%	101%	0.94	107%	107%	1.00
Technician/supervisor	94%	83%	0.89	116%	0%	0.00
Professionals	110%	114%	1.03	106%	106%	1.00
Operational	96%	112%	1.16	110%	133%	1.21
RTVs	113%	103%	0.91	105%	100%	0.95

In addition to the pillar of the Sustainability Committee dedicated to Diversity and Inclusion, SCLA created a gender affinity group to enhance the sense of belonging and identification, institute a space for the exchange of information and definition of actions. The initiative also aims to support the implementation of the Women's Empowerment Principles (WEP), to which the company is a signatory and which determine:

1. Establish leaders that embrace gender equality.
2. Treat women and men fairly, with respect for human rights and without discrimination.
3. Ensure the health, safety and well-being of all persons working in the company.
4. Promote education, training and professional development for women.
5. Support women's entrepreneurship through supply chains and *marketing*.
6. Promote gender equality with initiatives dedicated to community and social activism.
7. Measure, document and publish the company's progress in promoting gender equality.

Although the focus of Sumitomo Chemical's operations in 2021 was gender, the company also carries out activities related to racial issues and inclusion of People with Disabilities (PcDs). There is already an informal discussion group on race that develops actions on specific dates, such as Black Awareness Day. The fight against racism is also one of the aspects of the People *track* of the Corporate University. The idea is that, soon, other affinity groups on diversity and inclusion topics will be made official by the company.

Sumitomo Chemical is a partner of the platform "Special Opportunities", dedicated to the dissemination of vacancies for PwDs, in addition to having the support of the Jô Clemente Institute, for the hiring of people with intellectual disabilities.

In 2021, the company also conducted training, in Portuguese and Spanish, on unconscious biases related to gender, race, weight, age and sexuality, among others. The objective was to explain what are unconscious biases, their impacts and practices to reduce them in the workplace.

With these actions and a diverse and inclusive position, in 2021 the company did not register any case of discrimination in its operations. **GRI 406-1**

## Agro is theirs

Actions to stimulate gender equity and diversity go beyond employees, suppliers and customers. To promote women's strength in the field, the company was one of the sponsors of the 6th National Congress of Women in Agribusiness, which took place in October 2021. The meeting addressed the use of technology in the field, leadership, value addition, traceability and foreign policy.

As part of the actions, Sumitomo Chemical launched the campaign "Agribusiness is theirs", to encourage women to participate increasingly in the agricultural production chain in Brazil and Latin America. The campaign counted on the partnership of agribusiness influencers and brand designers belonging to the Sou de Algodão movement – also supported by the company, which brings together the agents of the production chain and the textile industry of this fiber to make society aware of responsible consumption.

## Diversity and inclusion in numbers

In March 2021, Sumitomo Chemical Americas conducted research with the continent's subsidiaries on diversity and inclusion. The objective was to understand the employee's experience in relation to the theme and different perceptions according to the demographic groups.

SCLA obtained a favorable response level in relation to the average of the other companies. 582 employees participated in the survey, 22% women and 77% men (1% consider themselves non-binary or prefer not to answer). Regarding sexual orientation, 97% declare themselves heterosexual and 2%, LGBTQIA+.

Among SCLA women, 69% responded that their leaders believe that diversity is fundamental to the company's success. The percentage of women who feel respected at work was also highlighted: 85%.

The study also assessed employee engagement with the company. Overall, 98% of employees responded "I work as hard as I can when I'm at work." Among women, the total was 97% and among men, 98%. White and non-white responded similarly – 98% and 97%, respectively.

The survey identified some points of improvement, such as greater freedom for employees to speak openly about identity and gender issues. The study suggests mentoring for minority groups, as well as emphasizing the importance of leaders having inclusive behaviors – actions that are already on the agenda at SCLA.

## Human rights

Among the principles of the Global Compact and the UN Sustainable Development Goals, the promotion of human rights is a priority of Sumitomo Chemical. So much so that the People theme was included among the material issues, which guide the company's actions and are considered fundamental for business continuity. The company also participates in the Human Rights platform organized by the Global Compact Network in Brazil.

Whether in guaranteeing decent work, in the concern for the health and well-being of its employees, customers and society in general, or in combating discrimination and promoting equity, Sumitomo Chemical's actions are always guided by respect for human rights. To ensure that these rights are not violated, clauses and conditions relating to human rights and socio-environmental aspects are included in all contracts and negotiations.

Globally, Sumitomo Chemical Company has convened a group of lawyers to establish processes and procedures for human rights. It is expected that training will be developed in this area in 2022. In the future, the expectation is the creation of a *due diligence* process dedicated to human rights.



## Data Privacy

Provided for in the Universal Declaration of Human Rights, the right to privacy has gained new interpretations as the internet becomes more present in people's daily lives. A new concept of privacy, related to the collection and use of data and information, is an increasingly frequent concern. In Brazil, data privacy is guaranteed by the General Data Protection Law (LGPD) that came into force at the end of 2020.

In 2021, Sumitomo Chemical started the Data Privacy Program. Almost 300 activities involving the processing of personal data held by the company in more than 50 areas were diagnosed. Based on this mapping, a risk matrix was developed. In addition, about 300 people participated in a training program on the main aspects of LGPD.

The company also created a governance structure for data privacy in the country, which includes the Privacy Committee, an internal body responsible for editing rules and regulations on the subject and analyzing any requests by personal data subjects. The first standard approved by the committee was the Internal Privacy Notice, focused on Sumitomo Chemical employees in Brazil.

## Rights and freedom of association

In Brazil, freedom of association is guaranteed by the Federal Constitution. At Sumitomo Chemical, employees have full freedom to participate in professional associations and trade unions linked to their areas of activity. SCLA respects the rights of workers, guaranteed by law, and complies with collective agreements and agreements between unions of employees and companies in all its business units. The company seeks the participation of its employees in its decisions, whenever possible, based on dialogue, transparency and ethics.



# Environmental Management



Sumitomo Chemical was born with the purpose of combining innovation and environmental preservation by transforming pollutants into fertilizers. In addition to this goal is his philosophy, which seeks to harmonize the business and interests of society. The reduction of risks of accidents and ecological disasters, the conscious use of natural resources, the proper disposal of waste and *compliance* with environmental laws are also part of the company's strategy and are widely disseminated in its operations.

## Responsible Performance

Safety, environment, occupational medicine and quality are non-negotiable practices for the company, reflected in continuously improved policies, programs and processes aimed at operational excellence. The Safety Policy, for example, was formulated in accordance with the principles of Responsible Care, the global commitment of the chemical industry to ensure the safe management of products throughout the value chain and to promote sustainable development. Its guidelines are based on six pillars:



## Global Responsible Care Principles

Responsible Care is a voluntary initiative of the chemical industry, created in 1984, whose objective is to constantly improve the areas of environmental protection, health and safety. The commitment counts on the accession of the main chemical companies in more than 50 countries.

### Health and Safety

SCLA has been without lost-time work accidents for two years. One of the initiatives that contributed to this is the Stop and Think Program, dedicated to the prevention of accidents through seven pillars:

- Preliminary Risk Analysis (RA) – for routine activities
- Work Permit (PT) – for non-routine activities
- 5S (sense of use, organization, cleanliness, standardization and discipline)
- Management of Change (MOC) – secure change management
- Safety Tour – focused on structural improvements
- Live Eye – Focused on Safe Behavior
- Management of Contracted Companies

Another important factor to ensure the safety of activities is the performance of employees as process inspectors. They can identify potential

risks to safety, environment and quality and make observations. In 2021, 3,000 observations were identified and resolved at the Maracanaú Industrial Complex (CE). The more observations are identified, the lower the chances of incidents inside and outside the factories.

The application of the Health, Safety and Environment (HSE) and Quality programs, associated with the training of professionals and the management of control metrics (KPIs), guarantees the organization's commitment to the Responsible Care guidelines. All programs undergo weekly audits that assess the evolution of the processes. The goal is to have results above 94%. In all pillars, Sumitomo Chemical has obtained evaluations above 97%.

The concern for safety goes beyond the spaces of factories and offices. SCLA provides training for employees in the field on defensive driving, as well as monitoring the number of fines received and seeking to improve traffic safety. In order for employees to identify possible risks, several training courses are promoted in the area of Health, Safety and Environment (HSE) and Process Safety Management (PSM).

### Trainings conducted

#### Health

Prevention of Covid-19, Mental health, Quality of life, Pink October, Blue November, Healthy nutrition and Ergonomics.

#### Safety

Safety in the operation of forklifts, Safety in the operation of overhead cranes, Safety in work at height; Monthly Emergency Brigade Training, Safe Behavior Training (Stop and Think), BTW – Behind the Wheel Traffic Safety, Home Safety, Use of Personal Protective Equipment (PPE), Training of Kirkheads and Safety Integration Training for new employees and third parties.

#### Environment

Selective collection, Odor panel and Environmental aspects and impacts.

#### Process Safety Management (PSM)

Management of Change (MOC), Chemical Hazards, Chemical Safety Data Sheet (MSDS) and Emergency Sheet (FE), Explosive Dust Safety Training and Responsible Care Training.

## Crisis management

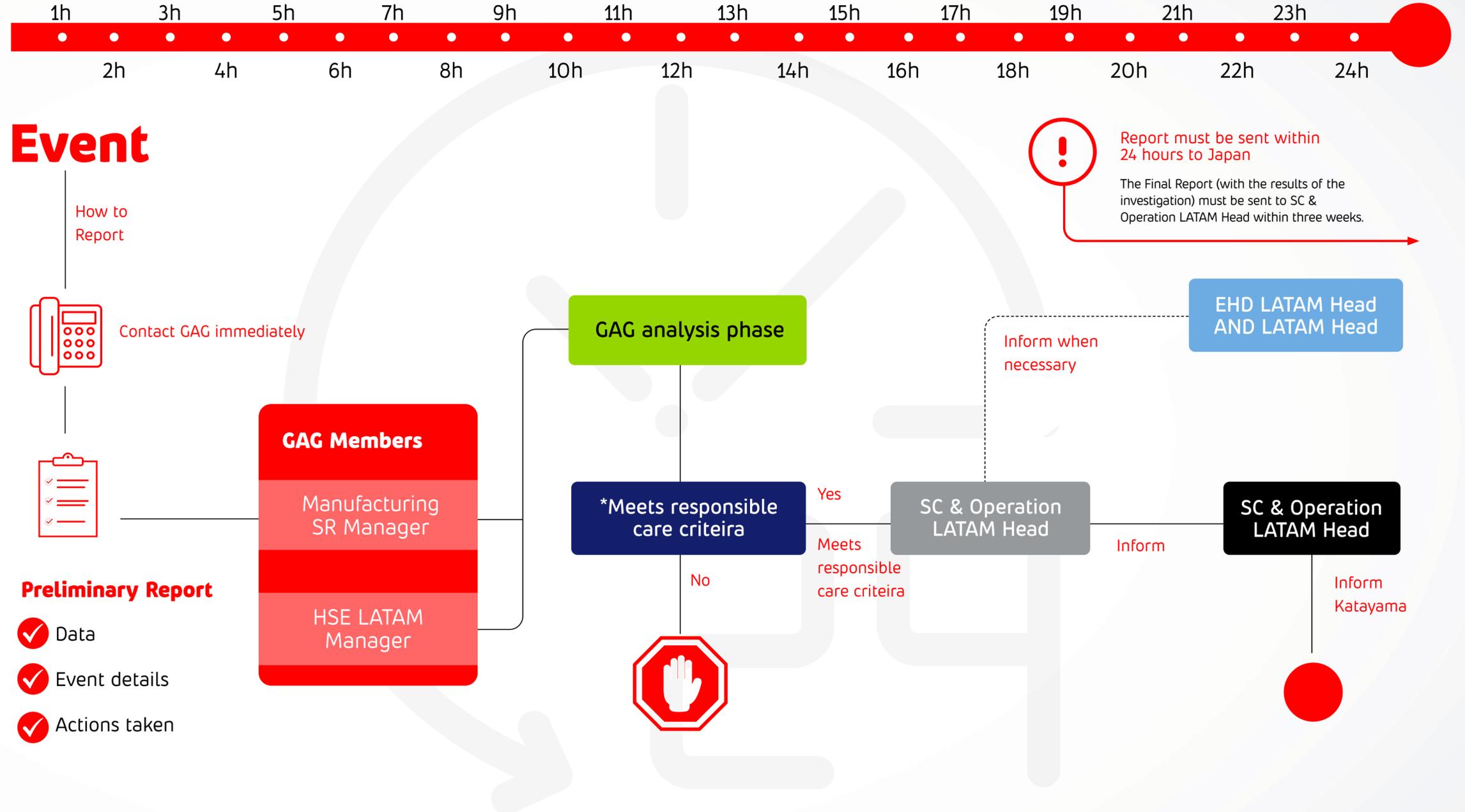
In compliance with the principles of Responsible Care, Sumitomo Chemical maintains a Crisis Management Committee and Action Plan. The body is composed of managers who meet to identify possible risks and establish containment actions in case of occurrences. They are also responsible for decisions in times of crisis or emergency, if necessary.

Contractors are able to provide environmental emergency response services both on-site and externally. The Maracanaú industrial complex has an Emergency Fire department duly trained to identify, classify and act in cases of emergencies.

The global policy of responsible action determines that all accidents that occur with employees, internal or external, are reported to the headquarters in Japan and reported to all other companies in the group.

In Brazil, Sumitomo Chemical has 24-hour contact for the reporting of poisonings during handling and application of products, in addition to 24-hour emergency service to respond to occurrences during the transport of dangerous products.

## Crisis communication flowchart



\* Responsible Care's reporting criteria are set out in "Standards of Responsible Care" and policy

# Protection of the environment

Sumitomo Chemical has invested heavily in research and development projects that result in high performance products and sustainable profile, which contributes to the farmer to increase the productivity of their crops with the use of smaller areas. In addition, it expands its participation in biological product lines every year, which reduce waste generation and chemical use, and develops water-based solutions, which are less toxic because they do not use solvents.

The company also adopts programs that favor environmental conservation, such as the Environmental Services Payment (PSA) program, an ally in combating deforestation and reducing carbon emissions.

In the animal nutrition and environmental health divisions, initiatives are also planned with the objective of preserving the environment, such as the use of recyclable methionine packaging.

The new plants were designed according to international best practices, with widely automated production, so as not to generate gaseous emissions and produce less waste per kilogram. In addition, they adopt the responsible destination of the waste obtained. The old factories, in turn, go through the process of updating equipment and facilities. In the Maracanaú complex, 90% of the energy used comes from renewable sources (wind).

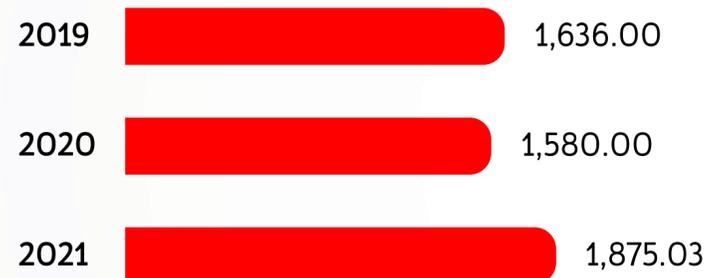
The research center (LARC), in Mogi-Mirim (SP), was also built from the concept of sustainable architecture, in order to minimize the environmental impact, which includes actions such as maintenance of chemical waste collection tanks with evaporation of excess liquid and volume decrease for incineration, use of rainwater for irrigation and Sewage Treatment Station, among others.

## Waste generation and recycling

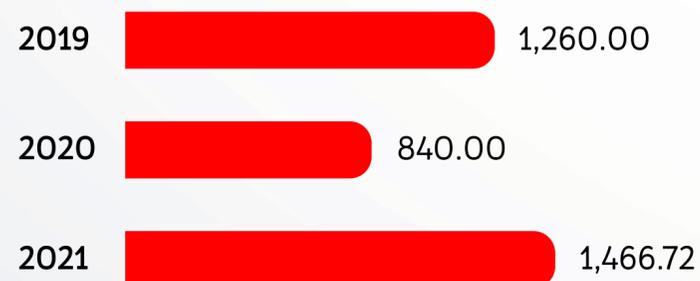
GRI 306-3 | 306-4 | 306-5

In 2021, 1,875 tons of waste were generated in SCLA's operations, of which 1,466 tons (78%) were recycled, an advance provided by the optimization of the disposal of waste for reuse (energy, co-processing and material and recycling).

### Waste generation (in tons)



### Volume of recycled waste (in tons)



Among the 1,589 tons of waste not destined for final disposal and recovered through recycling, metal scrap and metal drums (44%) and wooden pallets (25%) stand out. For 2022, Sumitomo Chemical aims for all bigbag and Intermediate Bulk Container (IBC) waste to be used through co-processing (energy use) and reverse logistics (production of new packaging from the recycling of the material and reuse of IBC grids).

### Waste not intended for disposal

Taxes		2021
Hazardous wastes	Bigbag waste	123.00
	IBC waste	94.15
	<b>Total Hazardous Waste</b>	<b>217.15</b>
Non-Hazardous Waste	Plastic Scrap/ Plastic Pump	108.49
	Pallet / Wood	390.81
	Paper / Cardboard	168.17
	Metal Scrap/ Metal Drums	705.10
	<b>Total Non-Hazardous Waste</b>	<b>1,372.57</b>
<b>Total</b>		<b>1,589.72</b>

Waste not intended for disposal by recovery operation, in metric tons (t)		2021		Total
		Within our organization	Outside the organization	
Hazardous wastes	Recycling	0.00	94.15	94.15
	Other recovery operations	0.00	123.00	123.00
	<b>Total</b>	<b>0.00</b>	<b>217.15</b>	<b>217.15</b>
Non-Hazardous Waste		0.00	1,372.57	1,372.57
	<b>Total</b>	<b>0.00</b>	<b>1,372.57</b>	<b>1,372.57</b>
<b>Total</b>		<b>0.00</b>	<b>1,589.72</b>	<b>1,589.72</b>

Among the waste destined for disposal, a volume of 285.31 metric tons, 55% were incinerated without energy recovery and 45% confined to landfill.

Waste destined for disposal by disposal operation, in metric tons (t)		2021		Total
		Within our organization	Outside the organization	
Hazardous wastes	Incineration (without Energy Recovery)	0.00	157.92	157.92
	Landfill confinement	0.00	2.16	2.16
	<b>Total Hazardous Waste</b>	<b>0.00</b>	<b>160.08</b>	<b>160.08</b>
Non-Hazardous Waste	Landfill confinement	0.00	125.23	125.23
	<b>Total Non-Hazardous Waste</b>	<b>0.00</b>	<b>125.23</b>	<b>125.23</b>
<b>Total</b>		<b>0.00</b>	<b>285.31</b>	<b>285.31</b>

## Water and electricity

In 2021, water consumption in SCLA remained stable. Regarding electricity, although there has been an increase in consumption compared to 2020, 95% of the energy in the industrial complex comes from a renewable source. The reported data refer to the Maracanaú industrial complex, to Sumitomo Chemical's offices and Distribution Centers.

### Water consumption (in L)



### Electricity consumption (in MW)



## Greenhouse Gas Emissions (GHG)

GRI 305-1 | 305-2 | 305-3 | 305-5

Sumitomo Chemical Brasil carried out its first inventory of GHG emissions (base year 2021) in 2021. Because it is the first survey, there is no way to define trends or make comparisons with previous years. The emission report, however, includes goals and indicators. In addition, SCLA maintains several initiatives that contribute to the reduction of emissions, such as:

- Most of the electricity consumption (estimate of 95% of the total) comes from renewable energy sources (wind);
- Reverse logistics of packaging of marketed products;
- The use of reforestation wood for pallets;
- Logistics projects in which there are large gains, such as adding a layer of products per pallet, which makes there is a 25% higher occupancy of vehicles/containers, delivering a greater amount of products and using the same amount of transport; use of maritime and rail modes, transporting the same volume of product with significantly lower emissions; use of electric pallet trucks in place of combustion pallet trucks with significantly lower GHG emissions.
- Reuse of rainwater on the experimental farm in Mogi Mirim/SP, using the input to irrigate the test fields.

According to the inventory, the total emission in 2021 was 578.31 tCO<sub>2</sub> equivalent, 562.39 tCO<sub>2</sub> equivalent of gross CO<sub>2</sub> emissions and 15.93 tCO<sub>2</sub> equivalent of biogenic emissions.

### Direct emissions of greenhouse gases <sup>1</sup> (tCO<sub>2</sub> equivalent) 2021

Generation of electricity, heat or vapor resulting from the burning of fuels at stationary sources	145.07 tCO <sub>2</sub> equivalent
Physical-chemical processing resulting from the manufacture or processing of chemicals and materials <sup>2</sup>	0.00 tCO <sub>2</sub> equivalent
Transport of materials, products, waste, employees and passengers resulting from the burning of fuels in mobile sources	179.91 tCO <sub>2</sub> equivalent
Fugitive Emissions	237.41 tCO <sub>2</sub> equivalent
<b>Total gross CO<sub>2</sub> emissions</b>	<b>562.39 tCO<sub>2</sub> equivalent</b>

1. The gases considered in the above calculation were: Carbon dioxide (CO<sub>2</sub>); Chloro-fluorocarbon (CFC); Hydrofluorocarbons (HFCs).
2. There is no manufacture or processing of chemicals and materials such as cement, steel, aluminum, ammonia and waste processing.

### Biogenic emissions of CO<sub>2</sub> (tCO<sub>2</sub> equivalent) 2021

Biogenic emissions of CO <sub>2</sub> (tCO <sub>2</sub> equivalent)	562.39 tCO <sub>2</sub> equivalent
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For the calculation, the GHG Protocol methodology was used since it is compatible with the standards of the International Organization for Standardization (ISO) and with the quantification methodologies of the Intergovernmental Panel on Climate Change (IPCC). The preparation of the inventory, as well as the data reported, followed the six principles that will ensure that the inventory is fair, transparent and faithfully and truly represents the company's emissions. The principles adopted are presented by the GHG Protocol and by the standards NBR ISO 14064-1, of ABNT (Brazilian Association of Technical Standards), namely: Relevance; Integrity; Consistency; Transparency; Accuracy and Conservatism.

In relation to indirect emissions from energy acquisition, Sumitomo Chemical accounted for 199.72tCO<sub>2</sub> in the reported period. SCLA aims, by 2023, for all electricity consumption to come from a renewable source (purchased or produced).

<b>2021</b>	
<b>Indirect emissions from energy acquisition (tCO<sub>2</sub> equivalent)</b>	<b>199.72 tCO<sub>2</sub> equivalent</b>

Note: Carbon dioxide (CO<sub>2</sub>) was the gas used in the above calculation. The year 2020 emission factors made available by the GEE accounting methodology of the Brazilian GHG Protocol Program were used, taking the approach of indirect emissions by the purchase of energy based on location. The consolidation approach chosen for emissions was operational control since the company accounts for 100% of the GEE emissions of the operations it controls, but does not account for emissions from operations in which it has some interest and therefore does not have control.

For the calculation, the GHG Protocol methodology was used since it is compatible with the standards of the International Organization for Standardization (ISO) and with the quantification methodologies of the Intergovernmental Panel on Climate Change (IPCC). The preparation of the inventory, as well as the data reported, followed the six principles that will ensure that the inventory is fair, transparent and faithfully and truly represents the company's emissions. The principles adopted are presented by the GHG Protocol and by the standards NBR ISO 14064-1, of ABNT (Brazilian Association of Technical Standards), namely: Relevance; Integrality; Consistency; Transparency; Accuracy and Conservatism.

The total of other indirect GHG emissions recorded in 2021 was 70.05 tCO<sub>2</sub> equivalent, 53.24 tCO<sub>2</sub> equivalent from "other activities", which refer to the sending of waste to the landfill and the treatment of sanitary effluents sent to the Water and Sewage Company of Ceará; and 16.81 tCO<sub>2</sub> equivalent from biogenic emissions.

### Other greenhouse gas emissions (tCO<sub>2</sub> equivalent)<sup>1</sup>

<b>2021</b>	
<b>Upstream</b>	
Subtotal	0.00 tCO <sub>2</sub> equivalent
<b>Downstream</b>	
Downstream transportation and distribution	0.00 tCO <sub>2</sub> equivalent
Processing of Sold Products	0.00 tCO <sub>2</sub> equivalent
Use of sold products	0.00 tCO <sub>2</sub> equivalent
Treatment of products sold after the end of their useful life	0.00 tCO <sub>2</sub> equivalent
Downstream leased assets	0.00 tCO <sub>2</sub> equivalent
Franchises	0.00 tCO <sub>2</sub> equivalent
Investments	0.00 tCO <sub>2</sub> equivalent
Other activities (downstream)	53.24 tCO <sub>2</sub> equivalent
Subtotal	53.24 tCO <sub>2</sub> equivalent
<b>Total</b>	<b>53.24 tCO<sub>2</sub> equivalent</b>

1. The gas used in the calculation was carbon dioxide (CO<sub>2</sub>). Other emission categories included in the calculation were: emissions from the treatment and/or final disposal of solid waste arising from the operations of the inventory organization in the inventory year, carried out in facilities owned or controlled by third parties and emissions from the treatment and/or final disposal of liquid effluents arising from the operations of the inventory organization in the inventory year, carried out in facilities owned or controlled by third parties. For the calculation, the emission factors of the year 2020 made available by the GEE accounting methodology of the Brazilian GHG Protocol Program were used. This is the company's first inventory, so some information is still being collected. No information is available on emissions from blank activities.

<b>2021</b>	
<b>Biogenic emissions of CO<sub>2</sub> (tCO<sub>2</sub> equivalent)</b>	<b>16.81t CO<sub>2</sub> equivalent</b>

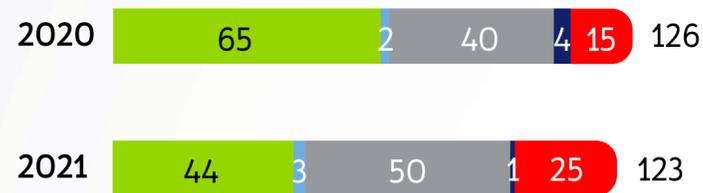
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### Odor panel

Sumitomo Chemical's permanent initiative, the Odor Panel aims to monitor and identify the odors in the vicinity of the Industrial Complex, with the participation of employees, who are trained for this monitoring. Thus, during the commute to and from their homes, professionals observe the occurrence of odors (food, sewage, solvent, among others) and record information such as location, time, characteristic and intensity in a form or in the WhatsApp group created for this purpose. The Panel was created due to the production process presenting, historically, problems with odor emission, with improvements registered over the years from the use of technologies to a more appropriate environment.

In 2021, there was a slightly lower number of odor registers –123 compared to 126 in 2020. In the year, the largest portion of the records referred to odors related to sewage.

### Record of perceived odors, by characteristic



- Food
- Putrid
- Sewage
- Solvent
- Other

## Hive Alive Program

SCLA integrates, with other representatives of the agricultural pesticides sector, the Hive Alive program. The initiative aims to encourage dialogue between farmers and beekeepers in order to ensure the protection of this species and the environment, as well as the sustainable production of food. For this, it provides training for the correct management and application of products, in order to avoid impacts on bees and other non-target organisms. In 2021, the training, with seven modules, including bee-friendly practices, reached more than 2,300 participants.

## Soybean Brazil Program

SCLA participates in the Environmental Services Payment (PSA) Soybean Brazil program, designed by Tropical Forest Alliance (TFA) in partnership with Ecofix. Still in the pilot phase, the initiative had about 50 farmers in Maranhão, in the Northeast Region of Brazil, in the first stage, whose objective was to define a methodology for generating carbon credits with international validity.

Under the program, Sumitomo Chemical financially rewards farmers for their sustainable practices. At baseline, the amount of organic carbon in the soil is measured. Over the course of a year, new measurements are made in the same area to evaluate the concentration of the substance and the generation of carbon credit.

The pilot project impacted an area of 4,000 hectares, reducing deforestation on the border with the Amazon Forest, in addition to allowing the sequestration of 10.4 tons of carbon in the samples of the analyzed areas. The action has been well received by farmers, who contribute to environmental preservation and still accumulate carbon credits to be marketed in the national and international markets in the future.

Sumitomo Chemical's goal is to expand the program to other states and crops, such as cotton and pasture. Farmers in Mato Grosso are already being selected to participate in the initiative based on the company's compliance standards. PSA Soja Brasil is also aligned with Sumitomo Chemical's global goal of zero carbon emission by 2050.

## Sou de Algodão (I am cotton) Program

According to data from the Brazilian Responsible Cotton Program (ABR), about 80% of Brazilian cotton production is considered sustainable, following criteria such as respect for labor legislation and the environment, which includes the exclusive use of rainwater in production.

Sumitomo Chemical contributes to the sustainability of cotton production insofar as it is one of the main portfolios of this culture in Brazil, including the adoption of chemical and biological technologies.

The company also supports the Sou de Algodão movement, which unites the links of the fiber production chain to the consumer. The program, created by the Brazilian Association of Cotton Farmers (Abrapa) and the Brazilian Cotton Institute (IBA), was developed to awaken responsible consumption of the product in the country and improve the perception of cotton use in Brazil and abroad.

# Product innovation

Sumitomo Chemical's research center brings together specialists in insecticides, herbicides and fungicides and biologists specialized in the creation of other organisms, such as fungi and insects, who develop their own projects, in addition to studying innovations from Japan and the United States. The center also has a laboratory, with expertise from chemists, specialists in chemical formulations and analysis, dedicated to developing innovative formulations and also more efficient packaging for Sumitomo products throughout Latin America.

The company maintains solid partnerships with consultants and research institutions worldwide, in addition to a specialized field team, to monitor the behavior of products at an advanced stage of development, that is, under conditions closer to a commercial scale, in areas accredited to the Ministry of Agriculture.

Among the development solutions is a fungicide with an unprecedented active ingredient, both in Brazil and in Latin America, with a wide spectrum of action and control of leaf diseases in the main national crops, such as soybeans, cotton, wheat and corn. Also under study are a growth regulator focusing on apple and grape production, which gives more suitable size and better coloring of fruits, and two bionematicides, which control small organisms (nematodes) destroying the root system of plants.

The Research and Development department has worked, together with the business, commercial and marketing areas, to accelerate the innovation processes in product creation, considering the time of approval of the registrations by the regulatory agencies. It also acts to bring products already consolidated in Brazil to other countries in Latin America.



## New hybrid products and solutions

Sumitomo Chemical launched in 2021 the bionematicide Aveo, to control small organisms that live in the soil and destroy the root system of plants. Of biological origin, it is applied to seeds before they are placed in the soil. After planting, the bacteria present in the product begin to colonize the roots of the plants, creating a kind of biofilm that prevents the penetration of the nematode.

The protection accompanies the growth of the roots, generating a lasting effect. In addition, the product reduces the reproduction of nematodes, favoring the next harvest. Due to its biological origin, the product can be stored for three years.

Aveo integrates the Seed Protection platform, as part of the company's strategy to offer hybrid solutions with chemical and biological products. The platform is composed of insecticides of chemical origin, for the control of sucking insects, such as bed bugs, and chewing insects. The integrated treatment is intended to protect seeds, reducing losses in the number of plants per meter (stand), with less impact on the environment.

## AgTech Garage

Sumitomo Chemical maintains a partnership with AgTech Garage, one of the main innovation *hubs* in the area of agribusiness in the world, developing proof of concept of a technology for the pasture area that will benefit not only Brazil, but also other Latin American countries

AgTech brings together about 800 *startups*, connecting companies, Farmers, investors and academia to develop technological solutions that expand the sustainability and productivity of agribusiness.

## Digital Agriculture

In partnership with Farmers Edge, Sumitomo Chemical has developed a program to foster digital agriculture. The objective is to provide more precise recommendations to farmers, increasing productivity, with the use of fewer resources.

The program leverages digital tools such as satellite imagery, weather station queries, telemetry, and soil analysis to support rural Farmers in managing risk, reducing costs, and increasing productivity. In 2021, the first year of partnership, 370 thousand hectares were analyzed.

Another initiative of the company in the digital area was the launch of Sumicast, a *podcast* that aims to bring to the field the knowledge and experience of renowned experts on agribusiness, promote conversations with Farmers and share good agricultural practices and information about the company's hybrid solutions portfolio.



# Quality of products and processes

The company's goal is to zero the percentage of legal complaints about product quality, including packaging. Overall, priorities have been defined to ensure continuous improvement of the quality of its products, within the Responsible Care initiative:

- 1.** Review and improve standard measures and quality assurance systems at each level of the organization, and expand the use of IT in quality information management.
- 2.** Promote preventive analysis activities and establish corrective measures for quality problems and risks, and share information for implementation across the company.
- 3.** Guarantee product safety for the entire group based on thorough assessments and risk reduction measures.
- 4.** Review and improve the existing educational system of quality assurance, and invest in the development of human resources.

The Continuous improvement program, as the name suggests, proposes the constant questioning of the company's practices and processes for the implementation of improvements. Through the initiative, costs and return on investments are optimized and business margins expanded, exceeding customer expectations.

In 2021, between *cost reduction and cost avoidance*, SCLA accumulated US\$50 million. Another factor that contributed to increase the quality controls of products and processes was the internalization of part of the production, previously outsourced, generating tangible and intangible gains.

The areas of Health, Safety and Environment (HSE) and Quality were integrated throughout the region of Latin America, standardizing processes. The HSE and quality area, based in Brazil, maintains representatives in all countries where Sumitomo Chemical operates. The company follows all relevant legislation and ISO 9000 (quality management) and ISO 14000 (environmental management) standards.

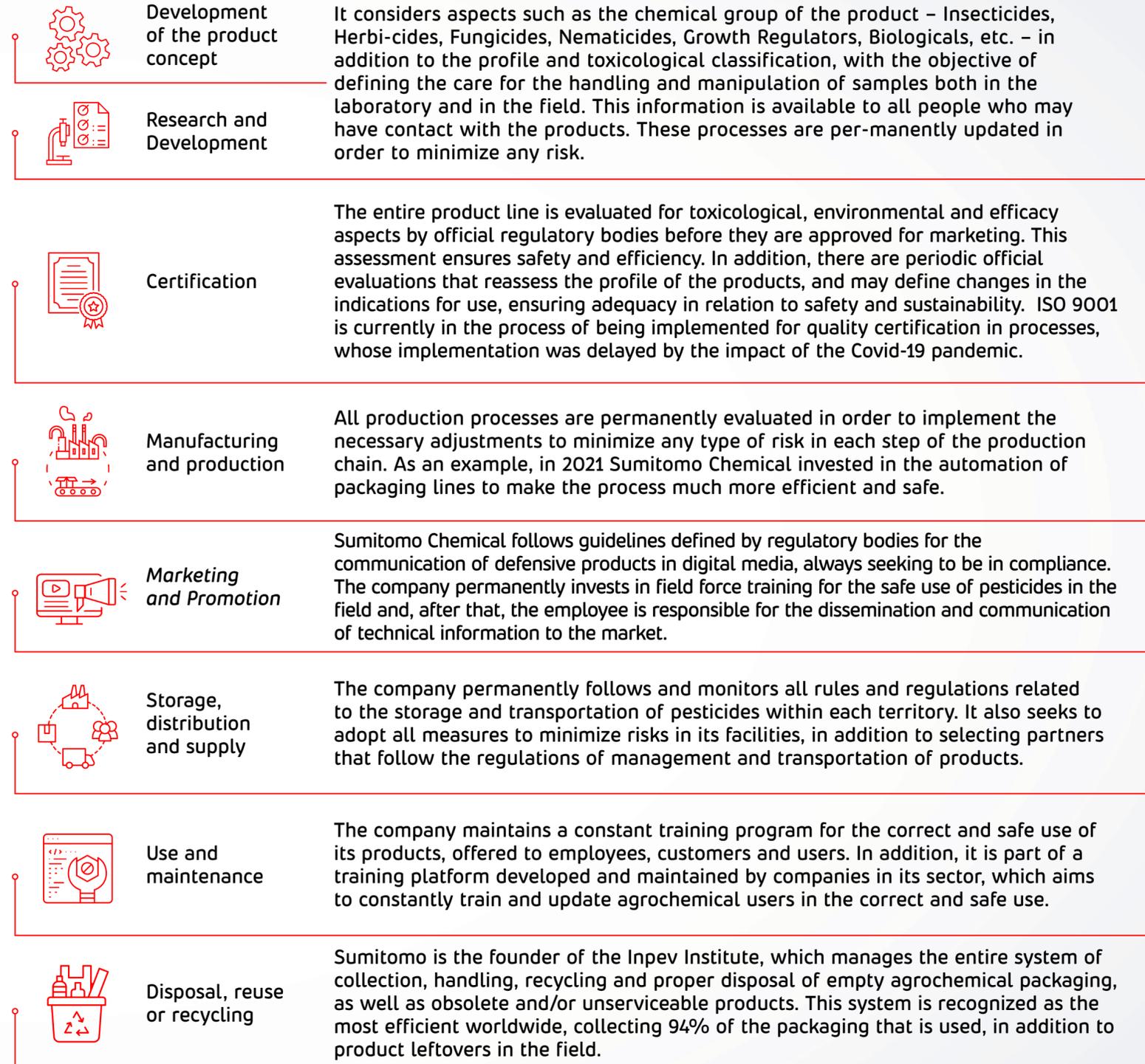


## Product liability

To contemplate product liability, from the development phase to the final disposal of packaging and waste, the company has several risk management systems and possible environmental impacts. During the design of the raw material, several tests and trials are carried out. In addition, there is a constant search for high industrial standards in all operations, considering the life cycle of the products, in the countryside and in the cities.

Sumitomo Chemical's operations in Brazil follow all the rules stipulated by the Ministry of Agriculture, the National Health Surveillance Agency (Anvisa) and the Brazilian Institute of Environment and Natural Resources (Ibama). Compliance with current legislation related to raw materials, assets, ingredients, packaging and processes is also strict. All necessary information related to the product is expressed on the label and on the package insert. A Customer Service Center (SAC) and a toll-free contact number are also available for further clarification on the products.

For all products (100%) produced and marketed, including post-patent, proprietary and bioreasonal, Sumitomo Chemical has defined and adopts *Stewardship programs*, with a view to ensuring correct and safe use, minimizing risks to human health and the environment. Each product packaging and collective box has the pictograms required by the regulatory authorities for transportation and handling, as well as indications of how to act in the event of an accident or intoxication. All programs are under constant evaluation, always in line with the regulations of the countries and states in which they are marketed. Thus, Sumitomo Chemical works to promote food safety and protect the environment, respecting social, environmental and economic considerations throughout the life cycle of the products. The overall objective of the approach is to maximize the benefits and minimize any risk resulting from the use of plant protection and improvement products. The goal is to fully comply with the regulations of each territory for the production, storage, transportation, handling and use of agricultural defensive products, in an appropriate manner and strictly following the product recommendations in each segment. **GRI 416-1**



# Safety in the field

Sumitomo Chemical has a highly qualified technical group, which conducts *workshops* and events with customers and consumers to demonstrate the correct use and safe storage and handling of chemicals. In 2021, it offered training to promote good practices to more than 15,000 farmers, in modules of good agricultural practices, application technology; prevention and first aid in the use of pesticides; and acquisition, transportation and storage of pesticides. The company also aims to provide its employees with extensive knowledge in the safe use of its products. For this, it conducts training focused on improving agricultural practices, formulations, technological application, in addition to specific training in molecules. In the year, there were more than 400 trained employees.

In 2021, in addition, the Sumiseg program was created, of good practices for the application of pesticides, which made the company a pioneer in Brazil in the creation of this safety criterion. Sumiseg began to be in force in the pasture segment and, later, in the agricultural area, in the Northern Region of the country. In the next harvest, the idea is to expand the protocol for Latin America. Through the program, the company trained 100% of its sales force (Atvs, RTVs, DMs and Trade Marketing) of the four pasture regions, in addition to 100% of the sales force of Rio Grande do Sul. There were more than 200 people trained to execute and multiply the program, which means that the application operations are, for the most part, accompanied by technicians able to perform the activity safely and using all resources to mitigate risk, complying with the correct use of the products. The goal is, in 2022, to train the entire company in the program.



## Packaging

Sumitomo Chemical dedicates the same care to the development of its products and the packaging that composes them. Thus, it ensures the correct storage of its pesticides and reduces risks to the population and the environment, also fostering the replacement of virgin plastic by recycled and biodegradable plastics – plastics recycling being one of the company's priority themes globally. To this end, Sumitomo Chemical invested in research projects, developed in the internal laboratory, which allowed to reduce the consumption of plastic by 321 tons, with a reduction of CO<sub>2</sub> emitted in the atmosphere equivalent to 1.1 million kilometers traveled by car. In the Animal Nutrition product segment, the company has innovated in the packaging of the amino acid methionine, currently produced by biodegradable raw materials, 100% recyclable and easy to degrade and possible to use as fertilizer, if mixed with organic items.

In Brazil, the company strictly follows the requirements of Law 9.974 / 00, which defines the conditions and procedures for the disposal of pesticide and similar packaging in the country. The responsibility for the operation is shared by farmers, industry, distribution channels and public authorities.

The National Institute for Empty Packaging Processing (InpEV) manages the reverse logistics of packaging in the agricultural segment through the Campo Limpo System, which promotes the correct destination of empty packaging. When purchasing a chemical pesticide from a reseller, cooperative or in the product industry itself, the place of return of the packaging is recorded in the invoice.

Sumitomo Chemical recycles these packages through the company Campo, Limpo, of which we are one of the founders, and use them in new products, closing the life cycle of the material in a sustainable manner. Also it uses packaging without a chemical barrier, which contributes to recycling.

## Requirements for information and labeling of products and services GRI 417-1

- **Product line for agricultural use** – Products imported, produced and marketed by Sumitomo Chemical are subject to specific regulations (Law 7.802/89), which standardizes the content and presentation format of the labeling, subject to approval by regulatory agencies. Such regulation is strictly adhered to. The commercialization and use are made only under controlled condition, that is, by technical prescription of a qualified professional (agronomist), not being a product of free access for acquisition.
- **Packaging of AND products** – Contains content and use information as established by the Map/Animal Feed. None of them is a potentially dangerous product and all labels mention the availability of the MSDS, in which the information on environmental risk is detailed. The packaging does not return and there is no monitoring of the destination that customers give to them. However, in the DL-Methionine transshipment operation for bulk delivery there is an accumulation of pallets and residual packaging, periodically donated to recycling companies or marketed to companies specialized in the resale of this type of material or even to Methionine customers (plastic pallets, because they are washable, are suitable for use in the storage of food products).
- **EHD customs solutions packaging** – These are packaging that does not return to the company, because the products – active ingredients – are used by customers for the formulation of finished product, and the disposal is the responsibility of the customer.

## Vendor Management

The second year of the pandemic and its impacts on China, one of the main suppliers of inputs, represented a major challenge not only for Sumitomo Chemical, but for several industries around the world. However, thanks to strategic decisions in the areas of supply planning, adjustments in procurement policies and inventories associated with the integration between the areas, the company was able to minimize the impacts and meet the demands of customers and businesses.

The operational excellence of the teams in all countries in which Sumitomo Chemical operates compensated for the difficulties arising from the health crisis. The long-term partnership relationship with suppliers and the company's financial capacity were also decisive.

Seeking to diversify the supply chain, Sumitomo Chemical consolidated the planning processes in Latin America, Japan, the United States and India, and completed, in 2021, the organizational structuring of the Latin American and international Purchasing Directorate (China and India).

The company has a Regional Purchasing Policy that contains the global Code of Conduct applicable to suppliers. It also adopts responsible purchasing guidelines, which encourage suppliers to act with socio-environmental responsibility and commit to respect for human rights. All employees undergo training on supplier management and good market practices.

In addition, the company started with Ecovadis a work for the selection of suppliers that adequately respond to a verification/approval questionnaire as a "Sumitomo Chemical Supplier", considering any risks of child labor and forced or slave-like labor. The project will continue throughout 2022, with the completion of the classification and selection of suppliers, in order to guarantee ethics, integrity, legality and respect for human rights throughout the production chain. [GRI 408-1 | 409-1](#)

The main purchases made by Sumitomo Chemical in Brazil are segregated into active ingredients, including products from Sumitomo Chemical Japan for B2B sale (37%); intercompany products (29%); third-party products (8%), logistics services (3.5%) and packaging (2.8%).

## The main purchases made by Sumitomo Chemical in Brazil



# Commitment to the future

Sumitomo Chemical Latin America's adherence to the Global Compact and commitment to His Way of Being, which determines the conduct of business in an ethical and sustainable manner and the contribution to the preservation of the planet and the development of society, aim to build a true legacy for future generations. The company aims to generate value for all its audiences from investments in its business, with innovative and sustainable solutions, and in its workforce, for personal and professional growth. SCLA also works to improve its relationships and its contributions throughout the production chain, in order to establish long-term partnerships with suppliers and customers. Thus, the company seeks to contribute to facing the great global challenges, towards contributing to a more just and equitable world, in which there is a balance between economic, social and environmental development.

# Working Hours

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## **Achievement**

HR Board & General Affairs –& Climate Culture Area, Communication  
Corporate and Sustainability LATAM.  
Sumitomo Chemical Latin America Sustainability Committee.

## **Consulting**

Avesso Sustentabilidade  
[www.avessosustentabilidade.com.br](http://www.avessosustentabilidade.com.br)

## **Writing and editing text and graphic design**

KMZ Content  
[www.kmzconteudo.com.br](http://www.kmzconteudo.com.br)

## **Corporate information**

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