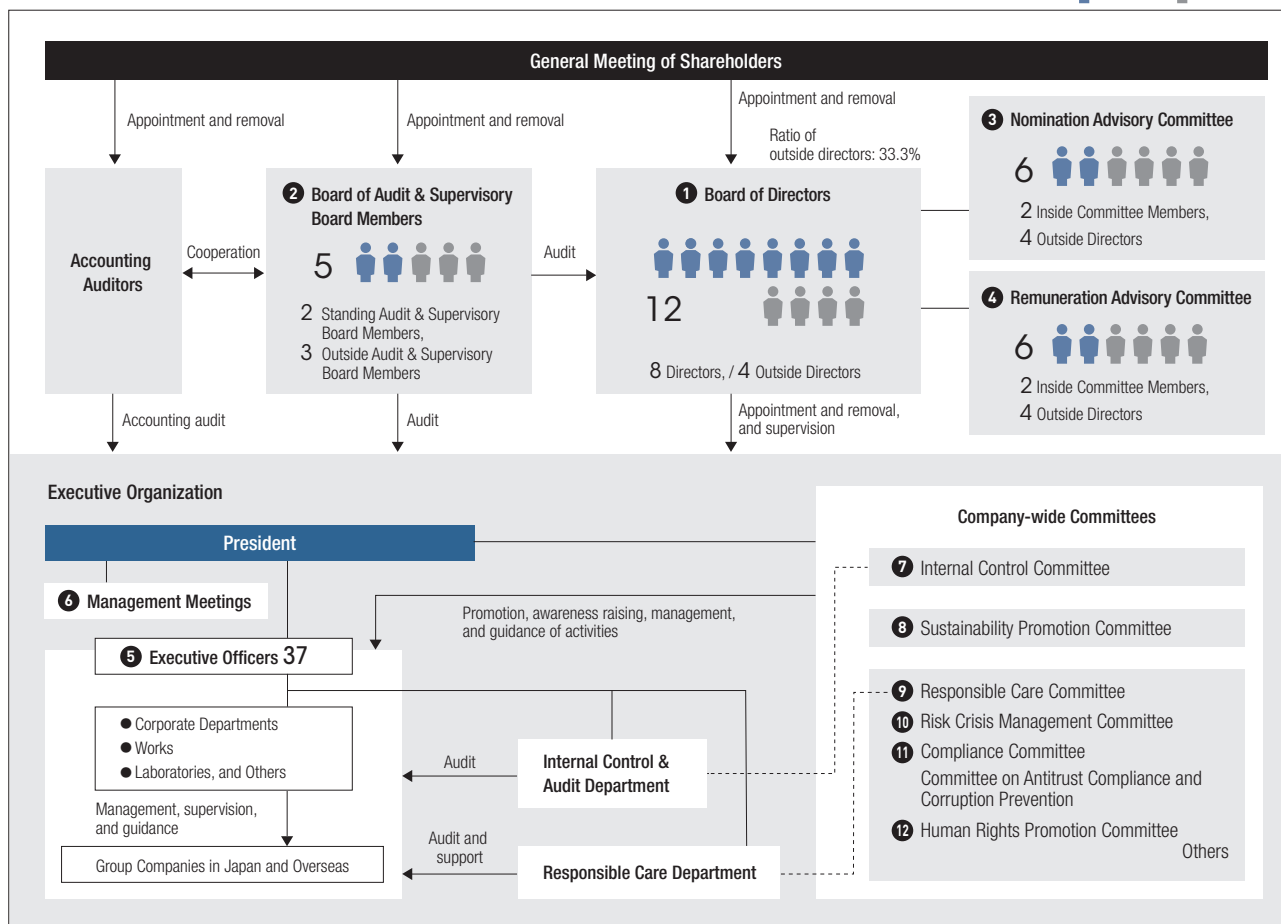


Corporate Governance

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

Corporate Governance Organization (As of July 1, 2023)

Inside Outside



Measures to Date for Strengthening Corporate Governance

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

Corporate Governance Organization

<p>1 Board of Directors</p>	<p>16 FY2022</p>	<p>Chairperson: Chairman of the Board (The Chairman of the Board does not concurrently serve as Executive Officer.) The term of office of Directors: One year</p> <p>The Sumitomo Chemical Board of Directors decides management policy, business strategies, and other important matters concerning the company's management, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders.</p>
<p>2 Board of Audit & Supervisory Board Members</p>	<p>15 FY2022</p>	<p>Constituent members: 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members)</p> <p>The Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The results of audits and the objective views of Outside Audit & Supervisory Board Members are appropriately reflected in internal audits, Audit & Supervisory Board Members' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing. The Audit & Supervisory Board Members' Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Audit & Supervisory Board Members.</p>
<p>3 Nomination Advisory Committee</p>	<p>2 FY2022</p>	<p>Constituent members: Outside Directors and the Chairman of the Board, and the President</p> <p>An advisory committee of the Board of Directors relating to the selection of senior management*1 and the nomination of Directors and Audit & Supervisory Board Members. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when selecting executives, with the aim of ensuring even greater transparency and fairness in executive selection and also clarifying the process of executive selection.</p>
<p>4 Remuneration Advisory Committee</p>	<p>4 FY2022</p>	<p>Constituent members: Outside Directors and the Chairman of the Board, and the President</p> <p>An advisory committee of the Board of Directors relating to the remuneration system and remuneration levels for Directors and Executive Officers, as well as other related issues. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when determining systems for and levels of executive remuneration, among other issues, with the aim of further increasing transparency and fairness. In addition, upon authorization by the Board of Directors, the committee determines the amount of compensation for each individual senior management and Directors in accordance with the policies for determining compensation of senior management and Directors.</p>
<p>5 Executive Officers</p>	<p>37 FY2023</p>	<p>The term of office: One year</p> <p>We have appointed Executive Officers to expedite the implementation of business operations. Executive Officers are responsible for carrying out operations in accordance with the policies adopted by the Board of Directors.</p>
<p>6 Management Meetings</p>	<p>24 FY2022</p>	<p>Constituent members: The Executive Officers who are in charge of or who supervise key management functions, the Standing Audit & Supervisory Board Members, and the Chairman of the Board</p> <p>As an institution for debating important issues, such as corporate strategy and capital investment, these meetings support decision-making by management.</p>
<p>7 Internal Control Committee</p>	<p>3 FY2022</p>	<p>By debating various measures to build or expand internal control systems, and monitoring their implementation status, this committee is intended to continually improve the internal control systems of the Sumitomo Chemical Group.</p>
<p>8 Sustainability Promotion Committee</p>	<p>2 FY2022</p>	<p>This committee suggests measures to accelerate the Sumitomo Chemical Group's contributions to sustainability, taking in a comprehensive perspective on risks and opportunities with regard to medium- to long-term issues in the environment and society.</p>
<p>9 Responsible Care Committee</p>	<p>1 FY2022</p>	<p>This committee formulates annual policies, medium-term plans, and specific measures concerning responsible care (safety, health, environment, and quality), including climate change issues.</p>
<p>10 Risk Crisis Management Committee</p>	<p>1 FY2022</p>	<p>This committee deliberates on policies for specific risks and crises, such as earthquakes, wind and flood damage caused by extreme weather, pandemics, and breakdowns in public security.</p>
<p>11 Compliance Committee</p>	<p>1 FY2022</p>	<p>This committee deliberates on the Group's compliance policies and action plans, and the status of the operation of the compliance system, including responses to internal reports and the results of activities.</p>
<p>12 Human Rights Promotion Committee</p>	<p>1 FY2022</p>	<p>This committee promotes increasing awareness of human rights issues, and drafts and executes policies to respect human rights in the entire value chain including Sumitomo Chemical Group.</p>

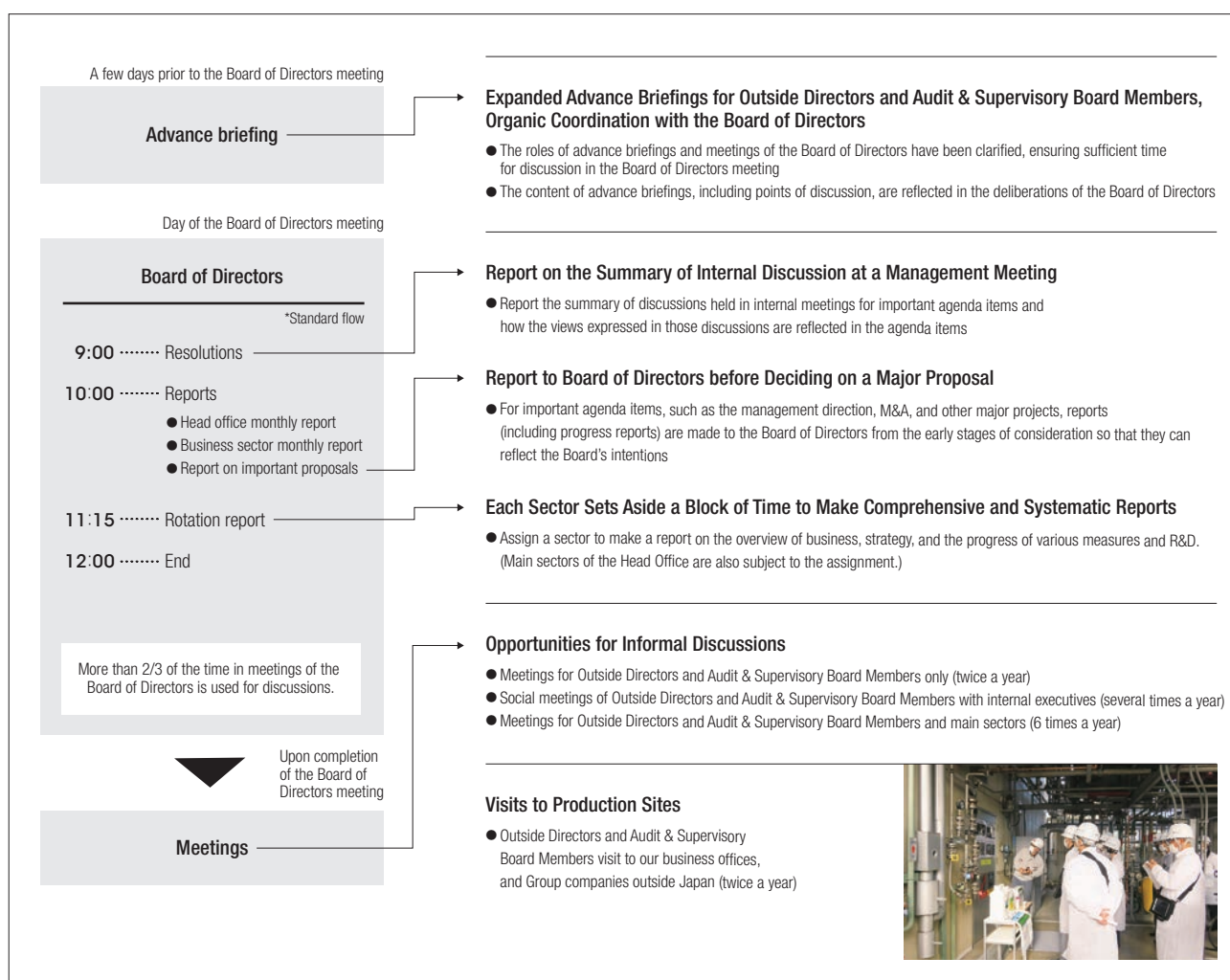
*Senior management means Executive Officers above Senior Managing Executive Officer, and Managing Executive Officers who are immediately under the President, supervising certain functions.

Efforts to Substantively Strengthen Corporate Governance

Changes in the Method of Operation of the Board of Directors

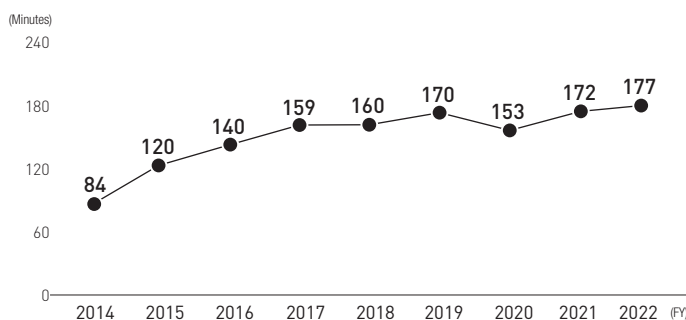
In FY2015, Sumitomo Chemical drastically reconsidered its various policies relating to the method of operation for the Board of Directors and corporate governance with the major aims of further strengthening the monitoring functions of the Board and further improving the transparency and objectivity of management, among other goals. At the time, a great deal of emphasis was placed on maximizing the use of the functions of Outside Directors and Audit & Supervisory Board Members, so a variety of measures were con-

sidered to achieve this, centered on the thought that it would be essential to address the information asymmetry between internal executives and Outside Directors and Audit & Supervisory Board Members. As a result of the numerous improvements made each year since then, meetings of the Board of Directors, as well as the operation of various related meetings before and afterwards, follow the procedures laid out in the table below.



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

Average Length of Board of Directors Meetings

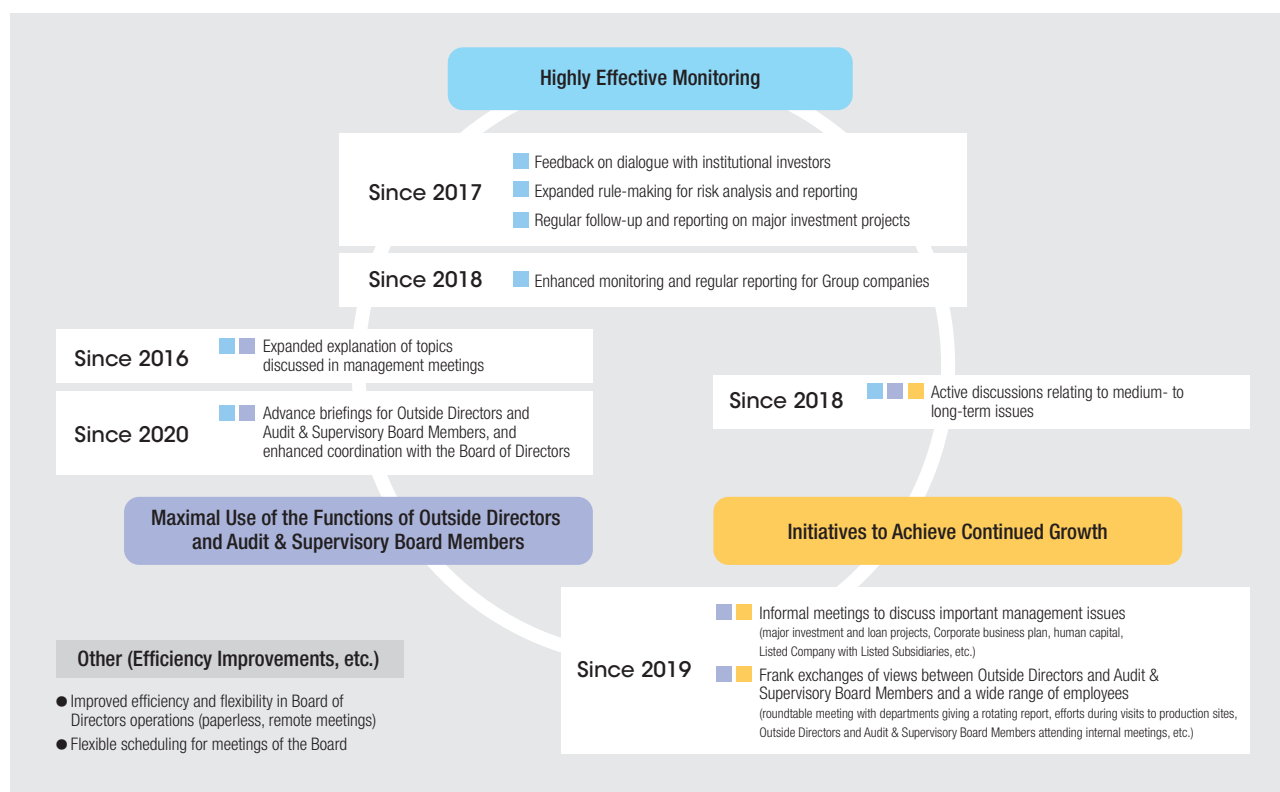


Utilizing the Oversight and Advisory Functions of Outside Directors and Audit & Supervisory Board Members

As a result of efforts such as reviewing the way the Board of Directors operates, Outside Directors and Audit & Supervisory Board Members have expressed the view that meetings of Sumitomo Chemical's Board of Directors feature free, frank, constructive, and lively debates. In addition, we have received numerous suggestions and advice from Outside Directors and Audit & Supervisory Board Members on how to operate the Board of Directors, support systems for Outside Directors and Audit & Supervisory Board

Members, and various corporate governance improvement measures, during the meeting of Board of Directors as well as informal meetings of Outside Directors and Audit & Supervisory Board Members relating to the assessing the effectiveness of the Board of Directors. Based on these suggestions and advice, we have implemented the following measures.

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



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

TOPICS Examples of Board Discussions (FY2022)

In accordance with the Companies Act and the Rules of the Board of Directors, the Board of Directors is required to approve any investment or loan over a certain amount. Several proposals were brought before the Board of Directors in FY2022, including the acquisition of FBSciences Holdings, Inc., a biostimulant company in the United States.

Since this acquisition is an important step toward the expansion and growth of our biorational business, the Board of Directors took sufficient steps to ensure detailed deliberations. Specifically, the Board of Directors reported on the acquisition as a reportable item at the planning stage, and exchanged opinions with Outside Directors and Audit & Supervisory Board Members multiple times before the Board of Directors resolved the acquisition, such as by further deepening their understanding through preliminary briefings prior to the Board of Directors' meeting.

In addition, the Board of Directors discussed the direction of the medium- to long-term strategy for the Company's agrosolutions business, which is to promote business portfolio transformation with a focus on strengthening sustainable product groups. In addition, various points and opinions were raised, mainly by Outside Directors and Audit & Supervisory Board Members, including the possible risks associated with the acquisition and measures to deal with them, the importance of PMI to generate synergies with our existing businesses and technologies, also establishing a group governance system that takes into account the culture of the acquired company, and the selection and appointment of financial advisors. We proceeded with the acquisition process, including due diligence, based on these points and opinions.

Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, auditing status on its business execution, and the operations of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee. The company conducts surveys of each Director and Audit & Supervisory Board Members about their assessing the effectiveness of the Board of Directors.

Improvements over and Assessment of FY2022

In light of the results of the effectiveness evaluation for FY2021, in FY2022, we have mainly promoted the following initiatives. As a result, the effectiveness evaluation at the end of FY2022 confirmed that steady improvements have been made every year in all areas, and that the level of performance is generally good.

Enhance monitoring, support and guidance for group companies

In addition to more timely reporting and deliberation on important group companies at the Board of Directors meetings, the Company conducted periodic surveys of group companies from multiple and quantitative perspectives, and reported and confirmed the results at Board of Directors meetings.

- ▶ **Effective group governance is ensured and appropriate supervision is provided in general.**

Further deepening of discussions at Board of Directors meetings, etc.

In explaining and reporting at the Board of Directors meetings, we also explained the discussions and points raised during the review process, the reasons for decisions, assumed risks, and measures to deal with them, to further visualize the internal decision-making process, including risk management, and held informal meetings regularly to discuss important management issues such as human capital.

- ▶ **Board deliberations have been further stimulated, leading to more effective supervision**

Based on the results of these surveys, there is then a frank exchange of views in meetings of the Board of Audit & Supervisory Board Members, in informal meetings with Outside Directors and Audit & Supervisory Board Members, and in management meetings, after which the Board of Directors then conducts a review of its own effectiveness in one of its meetings based on the views expressed in the prior meetings.

Initiatives for the Future

In response to the results of the Board of Directors' effectiveness evaluation in FY2022, the following initiatives will be continued.

Toward Further Enhancement of Corporate Value

Given the importance of having a wide range of stakeholders understand and empathize with our management policies and strategies, we will continue to disclose information about our corporate value creation story and engage in more active dialogue with stakeholders to ensure that our corporate value is properly evaluated.

Further strengthening of group governance

Departments in charge of management, supervision, and auditing of group companies shall work together to implement more efficient and effective measures. In doing so, the Company shall utilize the advantages of both face-to-face and web-based communication to further enhance communication. In particular, with respect to overseas subsidiaries, the Company shall also seek to understand and disseminate the Company's management philosophy, management policies, basic compliance policies, etc., which form the foundation of group governance. In addition, for important group companies, opportunities will be set up for direct dialogue between the top management of the relevant company and Outside Directors and Audit & Supervisory Board Members, leading to a deeper mutual understanding of management strategies and issues, etc.

Others

The Board of Directors will continue to regularly discuss and deliberate on the roles it should fulfill and the design of the Board of Directors based on these roles, taking into consideration the Company's business structure and management direction, as well as trends in the legal system, etc., while also utilizing informal meetings.

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

Appointment Policy

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

Appointment Procedures

Candidates Selected by Representative Directors

- Representative Directors select candidates suitable for the positions of senior management, Directors and Audit & Supervisory Board Members in accordance with the above Policies

Discussion by the Nomination Advisory Committee

- The results of the nomination will be deliberated at the Nomination Advisory Committee and recommended to the Board of Directors.

Decision by the Board of Directors

- The Board of Directors will deliberate based on the advice and make a decision.

Dismissal Policy and Procedures

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

Remuneration (Applicable to directors and executive officers)

1. Basic policy for remunerations of Directors, etc.

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

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

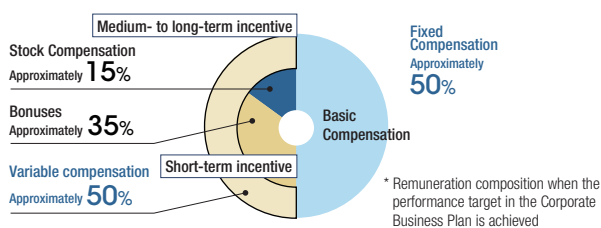
(3) The amount of Bonuses shall largely reflect the Company's consolidated financial results for a fiscal year in order to heighten short-term incentives to achieve the annual targets of business plans.

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

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

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

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



2. Mechanisms of each remuneration element

(1) Basic Compensation

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

While Basic Compensation for each year shall be fixed, the Company will adopt a mechanism where the Basic Compensation level would be changed in the event where the Company's position has changed in terms of "growth", "earnings capacity", and "outside evaluations"

from a comprehensive and medium- to long-term perspective.

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

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

(2) Bonuses (short-term incentive)

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

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

Bonus calculation formula

$$\text{Consolidated performance indicator (Core operating income + financial profit and loss)} \times \text{Coefficient}$$

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

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

3. Procedures for determining remuneration of Directors, etc.

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

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

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

(Millions of yen)

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

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

Listed Company with Listed Subsidiaries

Our Thinking Regarding Listed Companies with Listed Subsidiaries

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

For the publicly listed subsidiaries in Japan of the Sumitomo Chemical Group, because they play an important role in our management strategy, we are not thinking of selling them at present.

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

The Significance of Being a Listed Companies with Listed Subsidiaries

Company Name	History	Position in Group	Synergies
Sumitomo Pharma Co., Ltd.	Sumitomo Chemical's pharmaceutical business began with the acquisition of the Japan Dyestuff Manufacturing Company in 1944. After being spun off as the subsidiary Sumitomo Pharmaceuticals in 1984, it merged with Dainippon Pharmaceutical in 2005 to become Sumitomo Dainippon Pharma (currently Sumitomo Pharma).	The company's core pharmaceuticals business is a pillar of Sumitomo Chemical's life sciences business, along with the agricultural chemicals business, and is a source of innovation. In the current Corporate Business Plan, it has positioned "healthcare" as one of the priority areas in making efforts for acceleration of the development of next-generation businesses, and further innovation is expected in this area in the future.	<ul style="list-style-type: none"> ● Research at the Bioscience Research Laboratory, which consolidates and integrates parts of the research organizations of the company and Sumitomo Chemical ● Contract Development and Manufacturing Organization in regenerative medicine and cell therapies (combines the company's expertise in regenerative medicine and cell therapy with Sumitomo Chemical's expertise in the CMO business) ● Theranostics (combines the company's antibody design technology with Sumitomo Chemical's biological mechanism analysis technology and the radioactive isotope technology of Nihon Medi-Physics) ● Having locations on Sumitomo Chemical's premises enables close collaboration in such areas as quality and production management, reducing indirect expenses
Koei Chemical Co., Ltd.	Sumitomo Chemical invested capital in 1951 for relationship-building because the company was Sumitomo Chemical's largest customer for methanol. Thereafter, when the company ran into a financial crisis, the collaboration was strengthened in order to rebuild the company, including dispatching executives from Sumitomo Chemical.	Through production outsourcing in both directions for such items as catalysts and electronic materials based on the unique organic synthesis technologies of the company, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	<ul style="list-style-type: none"> ● Optimization of the Sumitomo Chemical Group's production of active pharmaceutical ingredient and intermediates through a new multi-purpose manufacturing equipment (multi-plants) approach ● Joint research from the earliest stage into such areas as battery materials and additive agents ● Having locations on Sumitomo Chemical's Works enables close collaboration in such areas as quality and production management, reducing indirect expenses
Taoka Chemical Co., Ltd.	In 1955 Sumitomo Chemical invested capital in the company, a leader in the dye business, to strengthen its own dye business.	Through production outsourcing in both directions for such items as electronic materials and pharmaceutical and agrochemical intermediates based on the various organic synthesis technologies and numerous multi-plants held by the company, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	<ul style="list-style-type: none"> ● Expanded contract manufacturing of pharmaceutical and agrochemical intermediates with numerous multi-plants of the company
Tanaka Chemical Corporation	Sumitomo Chemical invested capital in the company in 2013 and began joint development of high-capacity cathode materials for automobiles. Afterwards, in light of the smooth progress in joint development work, and in light of expectations that, in line with the future growth of the environmentally friendly vehicles market, there would be significant medium- to long-term growth in the market for lithium-ion secondary batteries, the company was converted to a majority-owned subsidiary in 2016.	Through integration of the technologies relating to precursors held by the company and the findings related to cathode materials held by Sumitomo Chemical, the company accelerates joint development of new products and contributes to the full-scale market entry and expansion of the Sumitomo Chemical Group's cathode materials business.	<ul style="list-style-type: none"> ● Contribute to a drastic rationalization of the manufacturing process and optimization of research and development through integration of the technologies of both companies ● Sumitomo Chemical's capital investment and guidance has improved the company's management level in such areas as labor accidents and internal control

Building an Effective Governance System

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

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

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

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

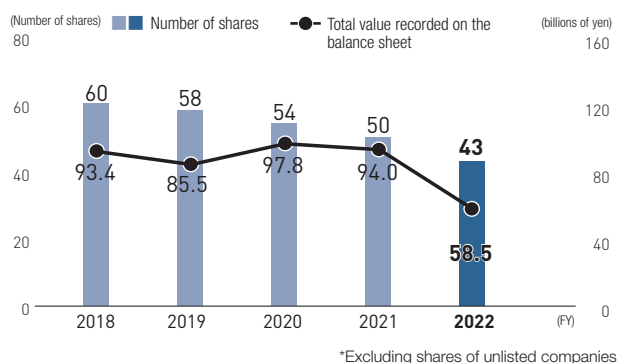
Company Name	Design of Organization	Composition of the Board		Non-mandatory Committees Established	
		Ratio of Outside Directors		Nomination/Remuneration	Monitoring and Supervision of Such Areas as Transactions with the Parent Company
Sumitomo Pharma Co., Ltd.	Company with Board of Audit & Supervisory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

Cross-Shareholdings

We strategically hold shares in other companies only when judged necessary for ensuring smooth business operation or maintaining and enhancing mutual business relations, after such factors as medium- to long-term economic rationality and prospects of future business developments have been considered as a whole. Also, at the Board of Directors meeting, each year, we shall assess our shareholding policy for all listed shares we own, in light of medium- to long-term economic rationality and significance to hold such shares for each individual issuer.

According to such review, if it becomes less necessary to hold a share by reason of changes in the business environment, etc., we shall sell such shares, as appropriate, taking into consideration such factors as the share price and market trends. Continuing from the prior year, we sold a portion of these shareholdings in FY2022.

Cross-Shareholdings at the end of the fiscal year



Internal Control

Status of the Development of the Internal Control System

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

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

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

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

The Internal Structure regarding Timely Disclosure

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

Internal Audits

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

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

1 Internal Audits

Department Conducting the Audits	Internal Control & Audit Department
Objective of Internal Audit	Evaluate whether internal controls are in place, operating, and functioning appropriately from various perspectives, including maintaining the effectiveness and efficiency of operations, ensuring the reliability of financial reporting, and complying with relevant laws and statutes in all business activities
Audit Cycle	In principle, once every 2-5 years for each separately audited unit
Sharing of Audit Results and Status of Improvements	<ul style="list-style-type: none"> Reported to the Internal Audit Liaison Meeting (Held regularly, four times a year, attended by Standing Audit & Supervisory Board Members and a number of departments, including the Internal Control & Audit Department, the Responsible Care Department, the Legal Department, the Human Resources Department, the Accounting Department, and the planning & coordination offices of each business sector) After reporting at the Internal Control Committee (held three times a year), the report is reported to the Board of Audit & Supervisory Board Members and the Board of Directors.

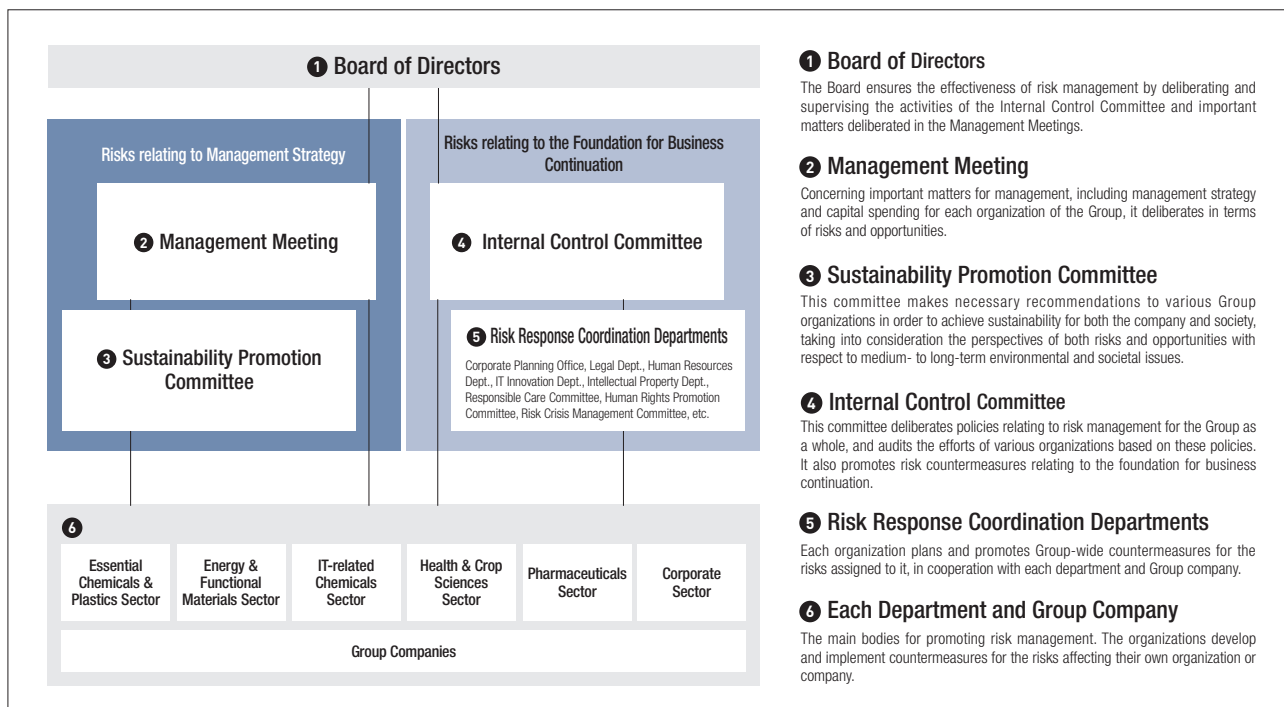
2 Responsible Care Audits

Department Conducting the Audit	Teams of dedicated auditors from the Responsible Care Department
Objective of Internal Audit	Evaluate whether internal controls relating to securing safety, health and environment, as well as maintaining and improving quality for all chemical products over their lifecycle, are in place, operating, and functioning appropriately.
Audit Cycle	In principle, once every 1-3 years for each separately audited unit
Sharing of Audit Results and Status of Improvements	<ul style="list-style-type: none"> Reported internally as necessary Reported to the Responsible Care Committee (Held regularly, once a year)

Our Website : Basic Policy for Enhancement of the Internal Control System

Risk Management

Diagram of Systems for Promoting Risk Management



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

Systems for Promoting Risk Management

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

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

On the other hand, the Management Committee deliberates on important management matters, including management strategies, capital investment, and investment and loans for the company and

its group companies, on a case-by-case basis, regarding risks that require consideration from both an opportunity and a risk perspective. With regard to sustainability, the Sustainability Promotion Committee* makes necessary proposals on medium- to long-term environmental and social issues to each organization of the group to ensure that the management activities of the group contribute to the realization of sustainability of society and the group itself.

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

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

Cross-organizational Risks and Crisis Response

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

Our Website : Risk Factors