Corporate Governance Report

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Sumitomo Chemical Company, Limited

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Securities Code: 4005

https://www.sumitomo-chem.co.jp/english/

The corporate governance of **Sumitomo Chemical Company, Limited** (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Sumitomo Chemical cherishes deeply the Sumitomo Spirit which has been passed down through generations over nearly 400 years, the basic teaching of which is, among others, not to seek its own interests alone, but to contribute to society through its business activities. In accord with this business credo, the Company strives to take on challenges constantly of creating new value by capitalizing on its proprietary technologies toward achieving the Company's sustained growth while at the same time cultivating corporate culture full of vigor and growing as a company that earns trust from the public at large. Recognizing that highly effective corporate governance is vital to attaining these ends, the Company keeps working to further enhance its corporate governance in accordance with the policies and principles set forth in the following Guidelines, centering particularly on closer cooperation with shareholders and various other stakeholders, faster decision-making, proper oversight of business execution, enhanced systems of compliance and internal control, and active dialog with stakeholders.

- The Company not only shall respect the rights of shareholders, but shall endeavor to provide an environment where shareholders can exercise their rights smoothly and also to ensure the effectively equal treatment of shareholders.
- Recognizing that cooperation with various stakeholders, including shareholders, employees, customers, business partners, creditors, and local communities, is essential to the Company's sustained growth, the Company shall proactively work to fulfill its corporate social responsibility and strive to cultivate corporate culture of a company that can be trusted by society.
- As part of efforts to build a foundation for constructive dialog with stakeholders, the Company shall endeavor to provide information that is highly reliable and useful to recipients thereof.
- The Company's Board of Directors shall fulfill its role and mission properly, based on their fiduciary responsibilities and accountability to shareholders and recognizing the important role of Independent Outside Directors & Auditors, through such measures as presenting appropriate corporate management policies and business strategies that have taken into account changing socioeconomic conditions, and conducting highly effective oversight over the execution of business.
- The Company shall endeavor to promote constructive dialog with shareholders with the aim of seeking to attain the Company's sustained growth and to enhance corporate value in the medium to long term.

Please refer to the Corporate Governance Guideline on Sumitomo Chemical's website for basic policies concerning Sumitomo Chemical's Corporate Governance.
https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_pdf_01.pdf

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

＜Principle 1-4＞
【Policy regarding Strategic Holdings】
The Company holds strategically 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. The Company shall assess, as appropriate, the necessity of holding such shares, taking into consideration benefits (including dividends etc.) and risks etc. of such holdings from a comprehensive viewpoint.
【Matters to be reviewed at the Board of Directors】
At the Board of Directors meeting, each year, the Company shall assess its shareholding policy for all listed shares it owns, in light of mid- 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 climate etc., the Company shall sell such shares, as appropriate, taking into consideration the share price, market trend etc.
【Criteria for exercise of voting rights for strategic holdings】
Whether or not and how voting rights related to such strategically held shares are to be exercised on a given proposal shall be decided by the relevant department having close business relationship with such company for each specific proposal, from viewpoints of whether or not the proposal would help raise the mid- to long-term corporate value of the company in which the Company holds shares and promote the company's sustainable growth or whether or not it would potentially harm the benefit of the Company.
<Principle 1-7>
With respect to transactions involving conflict of interest between the Company and Directors, the Company shall ensure that the transactions be subject to resolution by and reporting to the Board of Directors in accordance with the law and the Company's internal rules governing the Board of Directors. Transactions between the Company and related other parties shall be determined after due consideration given to market prices, market interest rates, etc., and the transactions so made shall be identified in notes to the Company's financial statements and disclosed in annual securities reports, in accordance with the law, etc.

<Supplementary Principles 2-4-1>
1. Our views on securing diversity
In the Company Group, the “Promotion of Diversity, Equity and Inclusion (DE&I)” is held as one of the important issues to be worked on as management, and DE&I is promoted based on the “Group Diversity, Equity and Inclusion Policy*” by coordinating with each of the group companies in and outside of Japan in order to respect the individuality and the difference in attribution of each employee with various backgrounds and characteristics, such as women, foreigners and mid-career employees, and to foster an organizational culture where diversity is embraced and can be made the best of.
2. Human resource development policy and company environment development policy for securing diversity
In the Company Group, the policy is to appoint employees regardless of their attributions, such as race, nationality or sex, in accordance with the idea called as “Right Person in the Right Position.” With respect to the human resource development, the Company has been proceeding with a systematic human resource development of group executives by, among others, holding selection trainings in the group as a whole.
In addition, the Company will work on the development of company environment in order to secure diversity, such as by implementing flexible working hours system, providing various support for childcare and family care and teaching company principles to foreigners and recruited experienced workers, as well as work on the development of the company environment of each group company by sharing management policies and human resource development policies of the group in the meetings held every year by gathering executive personnel of the group companies abroad (those in positions equivalent to general manager above of the Company).
3. Self-established and measurable goals
(1) Status of women appointed
The Company has set, as its KPI for the appointment of women, “Women accounting for at least 15% of

employees appointed as management (positions equivalent to manager or above) on average in the five years from FY 2023 to FY 2027". This goal focuses on "the ratio of employees appointed as management", which can reflect the progress of a series of women empowerment policies on recruitment, human resources development, promotion, company environment development, etc., and is set for the purpose of sustainably improving the ratio of women in employees appointed as management through steady implementation of the KPI. The ratio of women appointed in FY 2023 is 29.0%. The Company will continue its efforts to further empower women at work by working on the said goal.

(2) Status of foreigners appointed

In the Company Group, personnel management is conducted globally, such as by managing the administrative positions by the group as a whole. The ratio of foreign executives to the total of general managers of the Company and the executives of the group companies abroad is 20.2% as of April 2024. The Company will continue to work on this matter so that this level may be maintained and further improved.

(3) Status of mid-career employees appointed

The Company works on active employment and utilization of recruited experienced workers (mid-career employees) and the ratio of recruited experienced workers in the positions equivalent to manager or above is 25.3% as of April 2024. Although this level is sufficient at this point, the Company will continue to appoint them actively in the future.

*Group Diversity, Equity and Inclusion Policy

We will promote diversity, equity and inclusion across the Sumitomo Chemical Group. We understand that a variety of ideas and values among our employees represents a vital resource that forms the foundation of the Sumitomo Chemical Group's competitiveness. In order to create continuous new value, we will build and enable an inclusive organizational culture that allows us to respect the individuality of each employee and embrace diversity to empower employees in an environment of mutual and close communication.

<Principle 2-6>

The Company retains a defined-benefit corporate pension plan and for the investment of such pension reserve establishes the "Pension Assets Management Committee" in order to ensure the neutrality and fairness of such investment of pension assets as well as to maintain the soundness of the pension assets and to push up its investment performance. The Committee determines the basic principles for investment, investment guideline and policy asset mix, evaluates and selects the asset management firms, and analyzes and evaluates the results of the invested assets. To ensure the objectivity of the Committee, in addition to the executives in charge of the Company's Finance Department and Human Resources Department, personnel with appropriate qualifications from various relevant divisions (such as the General Affairs Department, Legal Department, Accounting Department, etc.) are appointed as the members of the Committee. Also the secretariat office for the Committee is set up in the Finance Department of the Company, and such secretariat office collects information of the performance of each asset management firm as well as opinions etc. from outside experts, and periodically monitors investment principles and investment process, compliance structure, and how the Company works on stewardship activities, such as the status of asset investment conducted and voting rights exercised by the asset management firms. The Company shall send the person(s) responsible of such secretariat office to various seminars held by each asset management firm to acquire necessary knowledge and to improve his/her expertise. With respect to any conflicts of interest expected in investment of corporate pension, the Company avoids such situation by respecting the decisions of asset management firms upon their exercise of voting rights in the Company Group, etc.

As an asset owner of contract-type corporate pension, the Company has announced in March 2021 that it would accept the Japanese version of stewardship code and has worked to make it effective by, among others, monitoring stewardship activities of asset management firms to which the Company has entrusted asset management.

＜Principle 3-1＞

【Business Philosophy, Business Strategies, Business Plans】

The Company shall disclose on its website etc., its Business Philosophy as well as business strategies and the Corporate Business Plan that have been formulated and are to be implemented on the basis of the Business Philosophy.

"Business Philosophy" https://www.sumitomo-chem.co.jp/english/company/principles/philosophy/

"Management Policy" https://www.sumitomo-chem.co.jp/english/ir/policy/

【Basic Views and Basic Policy on Corporate Governance】

Please refer to "I. 1.Basic Views" of the Report for details.

【Policies and Procedures for Determining Compensation of Senior Management and Directors】

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 of 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 incentive to achieve the annual target of the 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 initially set out in the Corporate Business Plan (FY2022-2024) is achieved, the remuneration of Directors (excluding Outside Directors) shall be designed so that the ratio of the 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 approximately 7 to 3.

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 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>

Consolidated performance indicator (core operating income + financial profit and loss)	×	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.

<Overview of restricted stock compensation plan>

(a) Transfer restriction period

Until the retirement from the position of Director and Executive Officer not concurrently serving as a Director at the Company

(b) Removal of transfer restrictions

On the condition that the eligible person continuously served as a Director or Executive Officer not concurrently serving as a Director at the Company during his or her terms of office, the Company shall remove transfer restrictions on all allotted shares when the transfer restriction period ends.

However, a) if the eligible person resigns from his or her position as a Director and Executive Officer not concurrently serving as a Director at the Company before the end of his or her term of office owing to a justifiable reason, or b) if the eligible person resigns from his or her position as a Director and Executive Officer not concurrently serving as a Director at the Company after the end of his or her term of office, but before the end of the transfer restriction period for any reason other than justifiable cause, the Company shall reasonably adjust the number of allotted shares from which to remove transfer restrictions and the timing of the removal of transfer restrictions, as necessary.

(c) Conditions for forfeiture of shares

If the eligible person is found to be in material violation of any law, regulation or internal rule, all allotted shares, including those whose transfer restrictions have been removed, shall be forfeited (the Company shall acquire them without consideration).

3. Procedures for determining remunerations of Directors, etc.

The Company shall establish a Remuneration Advisory Committee as an advisory body to the Board of Directors on a remuneration system for senior management and Directors, levels of remuneration, and other matters incidental thereto. Composed of Directors (a majority are Outside Directors), the Committee shall advise the Board of Directors, when determining officer remuneration system, levels of remuneration, etc., so that greater transparency and fairness can be ensured regarding the remuneration.

The remuneration amount of Directors shall be set at a level not higher than the upper limit of a total remuneration prescribed by the resolution of the 125th Ordinary 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 Remuneration Advisory Committee, which is authorized by the Board of Directors, in accordance with the policies for determining compensation of senior management and Directors.

【Policies and Procedures for Electing and Dismissing Senior Management and Nominating Candidates for Directors and Corporate Auditors】

<Electing and Nominating Policies>

・Persons suitable for each position of responsibility shall be selected based on an overall assessment of various factors, including business accomplishments, knowledge and experience, and character and insight, from the viewpoints of whether or not the person is capable of making adequate and quick decision or whether or not the person is "the right person in the right place."

・In principle, when an elected person has reached a certain age, the person shall retire from the position at the end of the tenure of office, in accordance with rules set by the Company.

・As far as nomination of candidates for Outside Directors and Outside Corporate Auditors is concerned, if a candidate also serves as a director, officer, etc. in other publicly traded companies, the number of such other companies shall be limited to four or less so that the person can properly fulfill his or her duties as Director or Corporate Auditor of the Company.

<Electing and Nominating Procedures>

・A Representative Director shall select candidates suitable for the positions of Senior Management,

Directors and Corporate Auditors in accordance with the above Policies.

・Deliberation shall be made on whether the selection made is adequate or not at the Nomination Advisory Committee established under the Board of Directors, consisting mainly of Outside Directors and Outside Corporate Auditors. The Committee shall give advice to the Board of Directors on electing Senior Management or nominating candidates for Directors and Corporate Auditors and a decision shall be made at the Board of Directors meetings based on such advice.

Directors and Corporate Auditors shall be elected by a resolution of a General Meeting of Shareholders.

<Dismissal Policies and Procedures>

・A deliberation and decision to dismiss Senior Management shall be made at the Board of Directors meetings when a Senior Management has been suspected of malfeasance, impropriety, or a breach of faith, or when there exists any other reason that makes him/her unsuitable as a Senior Management.

【Explanation on each Election, Dismissal and Nomination when Electing or Dismissing a Senior Management, or nominating candidates for Directors and Corporate Auditors】

The reason for nomination of each candidate for Directors and Corporate Auditors (including Outside Directors & Auditors) are stated in the "Convocation Notice of the General Meeting of Shareholders". In the event a Senior Management is dismissed, such dismissal shall be disclosed, from time to time, in an appropriate manner.

<Supplementary Principles 3-1-3>

The Company explains its efforts to achieve sustainability in the Sumitomo Chemical Annual Report (Integrated Report) and Sustainability Data Book. In such report and data book, not only the management strategies of the Company are explained but also the important issues on which the Company works by devoting management resources, such as human capital and intellectual capital, and the flow for creating value, which shows the vision for what the Company aims to be through its business activities, are disclosed.

In addition, the Company, being the first company expressing its support for the TCFD Proposal in Japan, has been actively working to address climate change, and has disclosed information based on the TCFD Proposal by conducting scenario analysis of risks and chances related to climate change.

Sumitomo Chemical Annual Report:
https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/files/docs/ar2023e.pdf

Sustainability Data Book:
https://www.sumitomo-chem.co.jp/english/sustainability/information/library/files/docs/sustainability_data_book_2023e.pdf

<Supplementary Principles 4-1-1>

The Company shall cause its Board of Directors to resolve on management policies, business strategies, and other important matters related to business execution, etc. in accordance with legal requirements for matters that are a prerogative of the Board of Directors as well as with the provisions of the Company's Articles of Incorporation. Further, the Company shall endeavor to enhance reporting to the Board of Directors about the progress status of business execution for the purpose of oversight to ensure that duties entrusted to the Management are being carried out properly.

<Supplementary Principles 4-2-1>

Please refer to Section “I. 1. <Principle 3-1>【Policies and Procedures for Determining Remuneration of Senior Management and Directors】 of this report, as the policies etc. for performance-linked remuneration have been described there.

<Principle 4-9>

The Company establishes criteria to designate the Company’s Outside Directors and Outside Corporate Auditors as Independent Outside Directors & Auditors.

Please refer to the following Corporate Governance Guidelines on Sumitomo Chemical’s website, on which such criteria are disclosed:

Corporate Governance Guidelines:
https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_pdf_01.pdf

<Supplementary Principles 4-10-1>
The Company has established, as committees under the Board of Directors, a Nomination Advisory Committee and a Remuneration Advisory Committee, each of which is composed mainly of Outside Directors.

1. Nomination Advisory Committee

The Nomination Advisory Committee discusses and gives advice to the Board of Directors on, among other things, nomination of candidates for Directors or Corporate Auditors, election of Senior Management (Senior Managing Executive Officers and other Executive Officers above such position and the Executive Officers with title who, under the direct control of President Executive Officer, control certain functions), and matters relating to successors of Chief Executive Officer, including from the viewpoint of diversity and skills.

2. Remuneration Advisory Committee

The Remuneration Advisory Committee discusses and gives advice to the Board of Directors on a remuneration system for Directors and Executive Officers, levels of the remuneration, etc. In addition, the Remuneration Advisory Committee is entrusted by the Board of Directors to determine the individual amounts of remuneration for the Senior Management and Directors based on the "Policies for Determining Remuneration of Senior Management and Directors."

The members of the Nomination Advisory Committee and the Remuneration Advisory Committee are composed of five Independent Outside Directors and two Inside Directors (Director and Chairman, and Director and President) and, because the majority of these committees are formed by Independent Outside Directors, the independence, objectivity and fairness of these committees are enhanced.

<Supplementary Principles 4-11-1>
For the Board of Directors to fulfill its roles and responsibilities more effectively and make decisions more swiftly, the Company, in principle, shall make sure that the number of members on the Board of Directors be less than the maximum number provided in the Company's Articles of Incorporation, and shall form the Board of Directors consisting of a diversity of persons with the following knowledge and experience.

- Persons with broad knowledge of and abundant experience in the Company's business
- Persons with broad knowledge of and abundant experience in accounting and finance
- Persons with broad knowledge of and abundant experience in law, compliance, and internal control
- Persons with broad knowledge of and abundant experience in industries, society, etc. as well as corporate management, of other companies
- Persons capable of harnessing their abundant international experience for the handling of global business development

A skill matrix, where the expertise and experience of each Director and Corporate Auditor are listed, is disclosed in the reference documents for shareholders meeting and the Sumitomo Chemical Annual Report (Integrated Report).
Reference documents for shareholders meeting:
https://www.sumitomo-chem.co.jp/english/ir/files/docs/20240523e.pdf
Sumitomo Chemical Annual Report:
https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/files/docs/ar2023e.pdf
Please refer to <Principle 3-1> for the policies and procedures concerning the election of Directors.

<Supplementary Principles 4-11-2>
If Directors and Corporate Auditors including Outside Directors or Outside Corporate Auditors hold concurrent positions as officers in other listed companies, the Company shall disclose the status of such concurrent positions in the "Convocation Notice of the Regular General Meeting of Shareholders " and securities reports, each year.
As the attendance rate of meetings of the Board of Directors (in regard to Corporate Auditors, such meetings will include Board of Corporate Auditors meetings) by Directors and Corporate Auditors (including Outside Directors or Outside Corporate Auditors) is very high, it is considered that the extent of such concurrent positions is within a reasonable range.

<Supplementary Principles 4-11-3>
The Company's Board of Directors carried out analysis and appraisal regarding the effectiveness of the Board of Directors through exchanging opinions at Outside Directors and Outside Corporate Auditors Meetings attended by Outside Directors, Outside Corporate Auditors, the Chairman and the President, and at Management Meetings attended by Inside Directors, etc. as well as by taking into account questionnaire

replies from Directors and Corporate Auditors and opinions expressed by the Board of Corporate Auditors. Based on these opinions, the Board of Directors made an overall review of the appraised effectiveness of the Board of Directors.

As a result, it was confirmed that steady improvements have been made in various standpoints such as the situation of how the Board of Directors meetings were held (frequency of meetings, time, contents and quality of the explanatory materials, preliminary explanations, etc.), implementation status of discussions and reports made at the Board of Directors meeting (whether there are sufficient discussions on management strategies including business portfolios, whether free and vigorous and constructive discussions are made, etc.), status of the oversight of execution of operation (whether there is oversight from an independent and objective standpoint, etc.), operation of non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee (fair and transparent procedures etc.), engagement with shareholders and training opportunities for Outside Directors and Outside Corporate Auditors, and it was confirmed that the above matters were generally maintained at a good level. On the other hand, the members of the Board agreed that it is essential for the Board of Directors to further fulfill its functions in order for the Company to overcome the current extremely difficult situation and get on a new growth trajectory. Therefore, the Board of Directors has decided to make necessary efforts in a timely manner while considering the trends in corporate governance, etc.

(1) Efforts made in reaction to the results of the appraisal of the effectiveness of the Board of Directors in the previous fiscal year

With respect to the points that were indicated as “needs improvement” in the appraisal of the effectiveness of the Board of Directors in the previous fiscal year, the following matters were confirmed: (i) in regard to initiatives aimed at further enhancing corporate value, (x) the Board of Directors, through renewed discussions on “action to implement management that is conscious of cost of capital and stock price”, reaffirmed the Company’s basic stance of creating “economic value” and “social value” in an integrated manner as well as its commitment to continue its efforts to thoroughly implement ROI-oriented management aimed at creating economic value and to create social value such as by contributing to reduction of GHG emissions through products and technologies, and (y) externally, the page on “initiatives aimed at enhancing corporate value” was newly posted on the Company’s website, and (ii) in regard to the further reinforcement of group governance, the Company invited the heads of its important subsidiaries to an informal meeting with the members of the Company’s Board of Directors, which led to gaining a deeper understanding of the subsidiaries’ mid-term strategies and current issues though frank Q&A sessions, etc. Furthermore, (iii) in regard to the roles to be fulfilled by the Board of Directors and the Company’s corporate structure based thereon, the Company has decided to review the members of the Board of Directors with the aim of strengthening monitoring functions such as “oversight of management” and “discussions on and evaluation of mid- to long-term management strategies and policies” more than before.

(2) Improvement measures to be taken in response to the results of the present appraisal of the effectiveness of the Board of Directors

(a) Fulfillment of the Board of Directors’ functions for sustainable growth

The Company has already been timely providing opportunities for information sharing and discussion on themes such as the future business operations of important group companies and direction of structural reforms. That being said, in light of the recent business environment and trends in the Company’s business performance, the Company will increase the frequency and time of discussions more than before by holding extraordinary Board of Directors meetings and informal meetings, etc. in a flexible manner so as to engage in more in-depth discussions on, among other things, the feasibility and risks of the business plan and speed up the decision-making process.

In addition, the Company will make efforts to maximize shareholder value (i) by, given the renewed structure of the Board of Directors starting from June as a result of a review of its members, further enhancing discussions from the perspective of company-wide optimization and (ii) with the views of shareholders and institutional investors in mind, by engaging in fundamental structural reforms and formulation of a mid-term management plan starting in FY 2025, as well as by disclosing such information in an easier-to-understand manner and having a dialogue with investors thereon.

(b) Improvement of the effectiveness of group governance

From the perspective of further improving the effectiveness of group governance, the Company

will further reinforce the existing functions of audit and oversight against group companies and strengthen engagement with group companies more than before to enhance corporate value of the group as a whole. At the same time, from the perspective of mid- to long-term management strategies including business portfolios, the Company will reexamine the functions and positioning of each group company, significance of holding these companies, etc., in order to optimize the group structure.

(c) Corporate structure

Considering the abovementioned review of the members of the Board of Directors, the Company will promote the reinforcement of the monitoring function of the Board of Directors by devising operational measures such as setting of meeting agenda and methods of taking up opinions from the members of the non-director Management and through other means. In addition, the Company will continue to regularly discuss and consider its corporate structure etc., taking into account the Company's business structure and the direction of the management, among others, by utilizing opportunities of various meetings.

<Supplementary Principles 4-14-2>

The Company shall continuously provide Directors and Corporate Auditors, and candidates for those positions with various opportunities of trainings and other programs such as "Training for Newly Appointed Directors and Corporate Auditors", "Training for Newly Appointed Directors and Executive Officers of Group Companies", "Council Meetings for Management for Officers", "Training for Basic Knowledge on Management" aimed at helping them gain knowledge of corporate management and broaden their perspectives so that they can fulfill their roles and responsibilities properly.

＜Principles 5-1, Supplementary Principles 5-1-1, 5-1-2, 5-1-3＞

(1) Basic Policy

The Company shall promote timely and proper communication with shareholders regarding its management policies, business strategies, and business performance developments in order to fulfill its accountability to shareholders and also to have the Company's stock priced properly and its corporate value enhanced further through developing shareholders' accurate understanding of the Company's activities.

(2) Organization

An Executive Officer in charge of Corporate Communications shall have overall responsibility for dialog with shareholders. A dedicated organizational unit, Corporate Communications Department, shall engage in gathering pertinent information in cooperation with the Company's relevant departments, sections, etc. as well as arranging for and operating meetings for dialog between the Company's Management, etc. and shareholders.

(3) Dialog with Shareholders

The actual dialog (interviews) with shareholders is handled by the Executive Officer in charge of Corporate Communications and by the Corporate Communications Department, as a dedicated organizational unit. Based on the requests from shareholders and the main concerns raised in interviews, opportunities for dialog between Senior Management, etc., including President, and shareholders are arranged by holding small meetings for institutional investors, visiting institutional investors, etc. In addition, the views of the Company including opinions of Outside Directors and Auditors are explained in the dialog.

The circumstances regarding how such dialog was held were disclosed in the Sumitomo Chemical Annual Report (Integrated Report).

Sumitomo Chemical Annual Report:

https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/files/docs/ar2023e.pdf

＜Principles 5-2＞

【Action to Implement Management that is Conscious of Cost of Capital and Stock Price】【Available in English】

The Company set, as one of the basic policies of the Corporate Business Plan, further improving the Company's business portfolio. In the Corporate Business Plan, target figures, including ROE and ROI, were set and the progress of the plan is regularly examined by the Board of Directors, the details of which are disclosed on Sumitomo Chemical's website, etc.

Initiatives aimed at enhancing corporate value:
https://www.sumitomo-chem.co.jp/english/ir/policy/corporate_value/

Sumitomo Chemical Annual Report:
https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	231,385,700	14.14
Custody Bank of Japan, Ltd. (Trust account)	98,584,800	6.02
Sumitomo Life Insurance Company	71,000,000	4.33
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	48,205,800	2.94
Nippon Life Insurance Company	41,031,597	2.50
Custody Bank of Japan, Ltd. (Master trust for the Sumitomo Mitsui Trust Bank and trust account for retirement benefit for Sumitomo Life Insurance Company)	29,000,000	1.77
Sumitomo Chemical Employee Stock Ownership Plan	28,516,714	1.74
Custody Bank of Japan, Ltd. (Trust account 4)	27,801,800	1.69
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	23,619,188	1.44
Sumitomo Mitsui Banking Corporation	23,073,000	1.41

Controlling Shareholder (except for Parent Company)	――
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more but less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

(1) Views and policies concerning group management	The Company owns listed subsidiaries. The Company and its listed subsidiaries develop business under the Group strategy that is shared by all parties and aim to achieve synergistic effects and realize maximum corporate value and maximum managing results as a whole group, while also aiming to grow each of their businesses. In addition, the Company and its listed subsidiaries basically respect the independence of each company and the rights of minor shareholders in regard to their business operations and dealings. In the Company's current Corporate Business Plan, the Company aims to foster and strengthen the next-generation business by strengthening each of the existing businesses and taking advantage of synergy of technologies the Company can generate as a diversified chemical company. In the course of preparing the Corporate Business Plan of the Company Group, sufficient discussions on business portfolios, including businesses of the listed subsidiaries, have been held repeatedly at the Board of Directors meeting. Moreover, with respect to the listed subsidiaries, the Company has received reports on each of their respective mid-term management plan and has confirmed whether or not their management policies and business strategies contribute to the mid and long-term growth of the Company Group. In the future, the Company will make efforts to increase corporate value of the group as a whole through review of plans for further enhancement of synergy between businesses and reconsideration of business portfolios, etc.
(2) Significance etc. of owning listed subsidiaries	
(a) Sumitomo Pharma Co., Ltd.	The Company owns 51.68% of the shares in Sumitomo Pharma Co., Ltd. Pharmaceuticals business, along with the agricultural chemicals business, is one of the key businesses of the Company's life science business and is the source of innovation. In the current Corporate Business Plan, the Company has positioned "healthcare" as one of the focusing areas in making efforts for acceleration of creating the next-generation business and, as a result, this company, which forms the core of the pharmaceutical division, is treated as a subsidiary because of its importance in the strategy of the Company Group. The Company will continue to focus on contributing to the growth of both companies and maximization of the corporate value of the Company Group by effectively combining the most advanced promising technologies held by both companies, such as organic synthesis, safety appraisals, bio-genome and digital related technologies, and making efforts in creating new values in the healthcare field.
(b) Tanaka Chemical Corporation	The Company owns 50.43% of the shares in Tanaka Chemical Corporation. Tanaka Chemical Corporation mainly engages in manufacturing and sales of precursors of positive electrode materials for rechargeable batteries. Through integration of the technologies relating to precursors held by Tanaka Chemical Corporation and the findings related to positive electrode materials held by the Company, the Company accelerates joint development of new products and contributes to the expansion of the Company group's business concerning positive electrode materials, and, as a result, this company is treated as a subsidiary because of its importance in the strategy of the Company Group. The Company will continue to contribute to the maximization of the corporate value of the Company Group as a whole by a drastic rationalization of

	manufacturing process and optimization of research and development through integration of the technologies of both companies.
(c) Koei Chemical Co., Ltd.	The Company owns 55.74% of the shares in Koei Chemical Co., Ltd. Koei Chemical Co., Ltd. mainly engages in manufacturing and sales of chemical products and the like and pharmaceutical and agrochemical intermediates etc. Koei Chemical Co., Ltd. contributes to the growth of both companies and the expansion of business of the Company Group in the field of fine chemicals through outsourcing from the Company to manufacture catalyst and electronic materials etc. (which are based on the unique organic synthesis technologies of Koei Chemical Co., Ltd.), and, as a result, this company is treated as a subsidiary because of its importance in the strategy of the Company Group. Furthermore, the plant of Koei Chemical Co., Ltd. (located in Sode-ga-ura City of Chiba Prefecture) lies within the same premises as the Company's Chiba Works and, by utilizing such advantage to the fullest extent, both companies have pursued streamlining of each company as well as cost reductions, which includes sharing of utilities.
(d) Taoka Chemical Co., Ltd.	The Company owns 50.19% of the shares in Taoka Chemical Co., Ltd. Taoka Chemical Co., Ltd. mainly engages in manufacturing and sales of dye, pharmaceutical and agrochemical intermediates, functional materials, etc. Taoka Chemical Co., Ltd. contributes to the growth of both companies and the expansion of business of the Company Group in the field of fine chemicals through outsourcing from the Company to manufacture electronic materials and pharmaceutical and agrochemical intermediates etc. (which utilize various organic synthesis technologies and numerous multi-purpose manufacturing equipment (multi-plants) held by Taoka Chemical Co., Ltd.) and, as a result, this company is treated as a subsidiary because of its importance in the strategy of the Company Group.
	The Company believes that keeping the above companies listed is satisfyingly reasonable because it will lead to improvement of employees' morale, recruitment of excellent human resources, gaining trust from clients, etc. as a result of its status or its brand as a listed company.
(3) Measures to secure effectiveness of governance system for listed subsidiaries	When the Company and its listed subsidiaries jointly work on maximizing group synergy, the Company 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, the efforts are made in (i) electing sufficient number of Independent Outside Directors, (ii) establishing committees for nomination of officers and remuneration of officers, the majority of the members of which are Independent Outside Directors, and (iii) 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, so that the transactions with the parent company, nomination of officers and remuneration of officers are appropriately supervised from an independent and objective perspective. Please refer to Appendix (3) for design of the organs, composition of Independent Outside Directors and establishment of non-mandatory committees in each company.
(4) Contracts etc. related to the details which shall be described as views and policies concerning group management	Upon promotion of group management, the Company has set forth the Rules for Operating the Sumitomo Group, which aims to (i) establish and continuously develop Internal Control System in the Company Group, (ii) run business operations under the group strategies shared or acknowledged by all parties and (iii) maximize the managing results of the group as a whole through achievement of synergetic effects as a group. It is also provided for in these Rules that, with respect to the matters which require risk management as a group (such as opening of a business in large scale, investments or loans), the listed subsidiaries are required to consult, etc. in advance on condition that they are able to make decisions independently. In addition, with respect to the operation of the group companies (including the listed subsidiaries), not only are the relative matters periodically reported and discussed at the Board of Directors meetings of the Company but also are the relative matters reported and discussed from the viewpoint of the group as a whole at the "Internal

	Control Committee," "Sustainability Promotion Committee," "Responsible Care Committee," "Risk and Crisis Management Committee," "Compliance Committee" and "Committee for Promoting Respect for Human Rights," which all discuss important matters related to the management of the Company or the Company Group from a wide-ranging and diversified perspective, thereby fulfilling execution of operation and overseeing functions of the group companies.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Company Chairperson (excluding where he/she concurrently serves as President)
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	H	i	j	k
Hiroshi Tomono	From another company								△			○
Motoshige Itoh	Academic											○
Atsuko Muraki	Other											○
Akira Ichikawa	From another company								○			○
Yumiko Noda	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroshi Tomono	○	The Company has transactions with Nippon Steel Corporation where Mr. Hiroshi Tomono was previously employed; however, the amount of said transactions is very small, not more than 0.1% of the consolidated sales revenue of our Group. Therefore such transaction does not have any influence on his independence. Furthermore, Mr. Hiroshi Tomono has no special interest in the Company.	Mr. Hiroshi Tomono was elected as an Outside Director of the Company in June 2015 with expectation of, among other things, appropriately supervising the decision makings and execution of operation concerning important managerial matters conducted by the Board of Directors, giving well-balanced advice through overview of the management in general, giving suggestions based on his expertise (such as in the field of research, technology and manufacture) and backing up appropriate risk-takings by making the best of his broad experience and profound insight cultivated as a manager of a business corporation, and thereafter performs his duties. He is appointed as a member of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee and receives compensation; however, the Company considers that no conflict of interest is likely to arise between Mr. Hiroshi Tomono and the Company's general shareholders from such payment.
Motoshige Itoh	○	Mr. Motoshige Itoh has no special interest in the Company	Mr. Motoshige Itoh was elected as an Outside Director of the Company in June 2018 with expectation of, among other things, appropriately supervising the decision makings and execution of operation concerning important managerial matters conducted by the Board of Directors and giving advice and

			suggestions based on his high level of expertise, by making the best of his broad experience and profound insight in the area of economics, social affairs etc. by holding positions as a member of various government councils etc., in addition to his professional knowledge in economics from holding a professorship at an university for many years, and thereafter performs his duties. He is appointed as a member of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee and receives compensation; however, the Company considers that no conflict of interest is likely to arise between Mr. Motoshige Itoh and the Company's general shareholders from such payment.
Atsuko Muraki	○	Ms. Atsuko Muraki has no special interest in the Company	Ms. Atsuko Muraki was elected as an Outside Director of the Company in June 2018 with expectation of, among other things, appropriately supervising the decision makings and execution of operation concerning important managerial matters conducted by the Board of Directors and giving advice and suggestions based on her high level of expertise, by making the best of her broad experience and profound insight in the area of legal and social affairs, etc. obtained through her engagement in administration as a government official for many years and especially her expert knowledge in relation to personnel affairs, and thereafter performs her duties. She is appointed as a member of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee and receives compensation; however, the Company considers that no conflict of interest is likely to arise between Ms. Atsuko Muraki and the Company's general shareholders from such payment.
Akira Ichikawa	○	The Company has transactions with Sumitomo Forestry Co., Ltd. where Mr. Akira Ichikawa serves as a Representative Director and Chairman; however, the amount of said transactions is very small, not more than 0.1% of the consolidated sales revenue of our Group. Therefore such transaction	Mr. Akira Ichikawa was elected as an Outside Director of the Company in June 2022 with expectation of, among other things, appropriately supervising the decision makings and execution of operation concerning important managerial matters conducted by the Board of Directors, giving well-balanced advice through overview of the management in general, giving suggestions based on his expertise (such as global operation and sustainability) and

		does not have any influence on his independence. Furthermore, Mr. Akira Ichikawa has no special interest in the Company.	backing up appropriate risk-takings by making the best of his broad experience and profound insight cultivated as a manager of a business corporation, and thereafter performs his duties. He is appointed as a member of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee and receives compensation; however, the Company considers that no conflict of interest is likely to arise between Mr. Akira Ichikawa and the Company's general shareholders from such payment.
Yumiko Noda	○	Ms. Yumiko Noda has no special interest in the Company	Ms. Yumiko Noda was elected as an Outside Director of the Company in June 2024 with expectation of, among other things, making decisions on important management matters at the Board of Directors of the Company, appropriately overseeing business execution, providing well-balanced advice based on a holistic view on overall management, making recommendations based on her expertise in global management, finance and other areas, and supporting appropriate risk-taking, by making use of her abundant experience and extensive knowledge as a management executive of a globally expanding business corporation, as well as her deep expertise in finance at financial institutions and consulting firms, and thereafter performs her duties.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	5	5
Outside Experts	0	0

Other	0	0
Chairperson	Inside Director	Inside Director

As a subordinate body of the Board of Directors, the Company will establish the Nomination Advisory Committee and the Remuneration Advisory Committee, which are mainly composed of Outside Directors, and will discuss and advise to the Board of Directors on matters, such as appointment of Chief Executive Officer, nomination of candidates for Directors and Corporate Auditors, appointment of Senior Management, and remuneration system and levels of Directors and Executive Officers. In addition, the Remuneration Advisory Committee is entrusted by the Board of Directors to determine the individual amounts of remuneration for the Senior Management and Directors based on the "Policies for Determining Remuneration of Senior Management and Directors."

The committee members and the activity status of each committee in FY 2023 are as follows:

"Nomination Advisory Committee"

	Name	Attending status
Chairman	Masakazu Tokura	3 out of 3 times（100%）
Member	Keiichi Iwata	3 out of 3 times（100%）
Member	Hiroshi Tomono	3 out of 3 times（100%）
Member	Motoshige Itoh	3 out of 3 times（100%）
Member	Atsuko Muraki	3 out of 3 times（100%）
Member	Akira Ichikawa	3 out of 3 times（100%）

Major activities:

・Discussions on the composition of the Directors in June 2024

・Discussions on who shall be the officers in FY 2024

"Remuneration Advisory Committee"

	Name	Attending status
Chairman	Masakazu Tokura	4 out of 4 times（100%）
Member	Keiichi Iwata	4 out of 4 times（100%）
Member	Hiroshi Tomono	4 out of 4 times（100%）
Member	Motoshige Itoh	4 out of 4 times（100%）
Member	Atsuko Muraki	4 out of 4 times（100%）
Member	Akira Ichikawa	4 out of 4 times（100%）

Major activities:

・Discussions on the remuneration levels of officers

・Discussions on the bonuses of officers

・Discussions on and determination of the individual remuneration and bonuses of Directors and senior management

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[*Kansayaku*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	6
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Corporate Auditors will maintain close cooperation with Accounting Auditors and, at the beginning of each fiscal year, will receive explanation from such Accounting Auditors of the audit policy and audit plan for such fiscal year. In addition, Corporate Auditors enhances its connection with Accounting Auditors by receiving reports and exchanging opinions, as needed, on accounting audits conducted by Accounting Auditors, and if deemed necessary, conduct an accounting audit in their own independent position. Corporate Auditors are informed in advance of the policy, implementation plan, point of focus, etc. of the internal audit to be conducted by the Internal Control and Audit Department and collaborate with the Internal Control and Audit Department, such as by receiving reports on the progress and results of the internal audit.

Furthermore, Corporate Auditors collaborate with the Compliance Committee such as by receiving reports, from time to time, in regard to violation of compliance and cases reported through "Speak-Up Hotline" (including status of response to such incident). In order to ensure independence in the handling of whistleblowing cases, the Company has introduced a system in which whistleblowing regarding the Senior Management is only reported to the Company's Board of Corporate Auditors, and investigations on such reports are conducted based on the advice of the Board of Corporate Auditors, which may, if necessary in light of the results of such investigation, give advice on the necessary countermeasures.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	3
Number of Independent *Kansayaku*	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mitsuhiro Aso	Lawyer													
Yoshitaka Kato	CPA													
Michio Yoneda	From another company										△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Mitsuhiro Aso	○	Mr. Mitsuhiro Aso has no special interest in the Company	Mr. Mitsuhiro Aso was elected as an Outside Corporate Auditor of the Company with expectation of, among other things, performing audits from an objective standpoint by making the best of his specialized knowledge and experience as a lawyer and also his long years as a public prosecutor as well as his broad knowledge and deep insight in the area of corporate risk management and crisis management etc. and expressing opinions on points to consider etc. upon corporate management and corporate governance, and thereafter performs his duties. Mr. Mitsuhiro Aso maintains a neutral and fair position as an independent body having entrustment from the Company's shareholders, and no conflict of interest is considered to arise between Mr. Mitsuhiro Aso and the Company's general shareholders.
Yoshitaka Kato	○	Ernst & Young ShinNihon LLC, in which Mr. Yoshitaka Kato held important positions in the past, is not the auditing corporation that conducts statutory audits of the Company and also has no capital relationship or business relationships with the Company that may affect his independence. Also, Mr. Yoshitaka Kato has no special interest in the Company.	Mr. Yoshitaka Kato was appointed as an Outside Corporate Auditor of the Company with expectation of, among other things, performing audits from an objective standpoint by making the best of his advanced specialized knowledge, broad experience and deep insight in the area of corporate accounting, financial affairs and corporate audit work acquired from his long years as a certified public accountant and expressing opinions on points to consider etc. upon corporate

			management and corporate governance, and thereafter performs his duties. Mr. Yoshitaka Kato maintains a neutral and fair position as an independent body having entrustment from the Company's shareholders, and no conflict of interest is considered to arise between Mr. Yoshitaka Kato and the Company's general shareholders.
Michio Yoneda	○	The Company pays listing fees, etc. for listed securities to the Tokyo Stock Exchange Inc., in which Mr. Michio Yoneda was a director in the past. However, such payment does not affect his independence. Also, Mr. Michio Yoneda has no special interest in the Company.	Mr. Michio Yoneda was appointed as an Outside Corporate Auditor of the Company with expectation of, among other things, performing audits of the Company by making the best of his broad experience and deep insight regarding capital market and business management cultivated from his years of engagement in the management of Japanese financial and security market and management of a stock exchange and expressing opinions on points to consider etc. upon corporate management and corporate governance, and thereafter performs his duties.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	8

Matters relating to Independent Directors/*Kansayaku*

The Company designates all persons that fulfill the qualification of independent directors and corporate auditors as Independent Directors and Corporate Auditors.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Please refer to Section "I. 1. <Principle 3-1> 【Policies and Procedures for Determining Remuneration of Senior Management and Directors】 of this report, as the policies etc. for performance-linked remuneration have been described there.

Recipients of Stock Options	――

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

The total amount of remunerations paid to Directors for each fiscal year is stated in the securities report and business report. Securities reports are made available for public inspections through EDINET (the electronic disclosure system under the Financial Instruments and Exchange Act regarding disclosure documents such as securities reports).

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Please refer to Section "I. 1. <Principle 3-1> 【Policies and Procedures for Determining Remuneration of Senior Management and Directors】 of this report, as the details have been described there.

[Supporting System for Outside Directors and/or *Kansayaku*]

Outside Directors and Outside Corporate Auditors attend the Board of Directors meeting after first receiving briefings from responsible departments to deepen their understanding on the agendum and important issues of such meeting and also, in order to deepen its understanding of the status of the Company's business, take part in visits to domestic or overseas business locations every year, thereby overseeing the Company' management.
In regard to Outside Corporate Auditors, the Company establishes a dedicated organizational unit to assist the duty of Corporate Auditors and allocates full-time staff members to such unit that are subject to the supervision and command of Corporate Auditors, thereby strengthening Corporate Auditor's authority. The Company makes sure that Outside Corporate Auditors receive briefings from responsible departments in advance regarding agendum of the Board of Directors and reports or briefings as appropriate from departments in charge of operations (including the Internal Control and Audit Department), Accounting Auditors, etc., thereby securing the structure of the flow of information to Outside Corporate Auditors.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	0 person

・*Sodanyaku* (Counselor) is not involved in any decision making of the Company's management. (Non-involvement in management)

・Appointment of *Sodanyaku* (Counselor) is resolved at the Board of Directors.

・Currently, there is no person who has assumed the position of *Sodanyaku* (Counselor).

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2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Management Organization relating to Management Decision Making, Execution and Oversight
The Company adopts the Corporate Auditors system. Also, in order to enhance swift decision making and to clarify who bears the responsibility of the execution of operation, the Company adopts the Executive Officers system and limits the Director's term of office to 1 year in order to establish a management system that is able to quickly adjust to changes in the management environment. The present management system consists of 10 Directors (All Japanese. 8 Males and 2 Females) and 37 Executive Officers (4 are concurrent with Directors. Breakdown of Executive Officers: 35 Japanese and 2 Foreigners; 34 Males and 3 Females). The Board of Directors makes decisions on important management matters in accordance with the provisions of laws and regulations, Articles of Incorporation and the Board of Directors regulations, and also monitors and oversees performance of the duties of each Director. For the period of 1 year after the General Shareholders' Meeting held on June 21, 2023, the Board of Directors meeting was held 13 times, and all of the Directors and Corporate Auditors attended all of those 14 meetings. Executive Officers execute operations in accordance with the management strategy decided at the Board of Directors, by delegation of authority from the Representative Director.
The Management Meeting is an organization which discusses important matters, such as management strategies and capital investment, which include agendas presented and matters reported to Directors, and supports management decision making. Members of the Management Meeting consist of Executive Officers who control or are in charge of important management functions, full-time Corporate Auditors and chairman of the Board of Directors meeting and the Meeting is held 24 times per year, in principle.
Other internal meetings (such as "Internal Control Committee", "Sustainability Promotion Committee", "Responsible Care Committee," "Risk and Crisis Management Committee," "Compliance Committee" or other meetings) that discuss important matters related to the management of the Company or the Company Group from a wide-ranging and diversified perspective are established in order to fulfill execution of operation, overseeing functions, etc. Each of the internal meetings is held once or more each year.
(2) Status of Corporate Audits by Corporate Auditors
There are 5 Corporate Auditors, of which 3 are Outside Corporate Auditors. Pursuant to, among other things, the basic plan of the audit and the assignment of the responsibility determined by the Board of Corporate Auditors, Corporate Auditors attend important meetings (such as the Board of Directors and others) as well as review important documents regarding important decision making and conduct investigation etc. regarding the status of business or assets of the headquarter, major business locations and Group Companies. Also, they receive, when appropriate, reports and explanation from the "Internal Control and Audit Department" and Accounting Auditors in order to improve the effectiveness and efficiency of oversight.
(3) Status of Internal Audit
Internal audit is conducted by the "Internal Control and Audit Department", which is a department that is solely dedicated to internal audits. Internal audits are conducted to audit whether internal control effectively functions and operations are properly and reasonably carried out by officers and employees of Sumitomo Chemical Group. Furthermore, in regard to matters relating to environment, safety, PL (product safety), etc., the department in charge (the Responsible Care Dept.) conducts responsible care audits. Appointment of the chiefs of the Internal Control and Audit Department and the Responsible Care Department are matters to be resolved at the Board of Directors meetings.

(4) Status of Accounting Audit
KPMG AZSA LLC is engaged in the auditing service regarding accounting audits made in accordance with the Companies Act and the Financial Instruments and Exchange Act. The names of certified public accountants that executed the accounting audit services for this fiscal year are as follows:

Certified public accountants that executed the accounting audit service:
Designated Limited Liability Partner/Executive Member: Ayumu Nakajima, Ryohei Tomita, Naoto Watanabe

(5) Status of Advisory Committee
The Company establishes the "Nomination Advisory Committee" under the Board of Directors, consisting mainly of Outside Directors and Outside Corporate Auditors, and receives advice from the Committee when electing Senior Management and nominating candidates for Directors and candidates for Corporate Auditors.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopts the Corporate Auditor system where the majority of Corporate Auditors shall be Outside Corporate Auditors and the Company receives valuable feedback regarding the soundness of company management as well as the efficiency thereof from Corporate Auditors. By using such feedback in the execution of operation, the Company endeavors to enhance the function of Corporate Auditors, thereby strengthening its monitoring function.
In addition, since its first appointment of 1 Outside Director in 2012, the Company increased the number of Outside Directors by 2 in 2015, by 1 in 2018 and by 1 in 2024, currently having 5 Outside Directors in total. The ratio of Outside Directors and Outside Corporate Auditors to Directors and Corporate Auditors who are supposed to attend a Board of Directors meeting is one-half or more of the total members. Under this system, the Company is aiming to further enhance the supervisory function of the Board of Directors and further improve the transparency and objectivity of the management of the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company endeavors to hold the General Meeting of Shareholders on a date as early as possible and to send convocation notices as early as possible (Date of the General Meeting of Shareholders: June 21, 2024, Start Date of Electronic Provision Measures for Convocation Notices: May 23, 2024 and Date of Mailing: May 31, 2024).
Scheduling AGMs Avoiding the Peak Day	The Company endeavors to set the General Meeting of Shareholders on a date other than the so-called peak day.
Allowing Electronic Exercise of Voting Rights	The Company has adopted exercise of voting rights using electromagnetic means.
Participation in Electronic Voting Platform	The Company has adopted participation to the Electronic Voting Platform.
Providing Convocation Notice in English	The Company posts the convocation notice in English on its website and on the website of the Securities Exchange.
Other	The Company live-streams the General Meeting of Shareholders online for, and accepts questions in advance from, its shareholders.

2. IR Activities

	Supplementary Explanations	Explanation by Representative

Preparation and Publication of Disclosure Policy	The Company's disclosure policy is made public below: https://www.sumitomo-chem.co.jp/english/ir/policy/disclosure_policy/	
Regular Investor Briefings for Individual Investors	The person responsible for IR provides briefings on the Company to individual investors several times a year. Also, in order to provide information to individual investors, materials and video's on briefing sessions for analysts and institutional investors are disclosed on the Company's website.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company provides financial results briefing (4 times per year), as well as, among other things, briefings on the Company's management strategy (several times per year), IR Days and ESG explanatory meetings to analysts and institutional investors. In addition, the Company periodically holds small meetings with the President for analysts and institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	Every year, the Company makes individual visits to investors in Europe, USA, Asia and other regions.	Yes
Posting of IR Materials on Website	The Company posts various materials on the IR section of the Company's website https://www.sumitomo-chem.co.jp/english/ir/	
Establishment of Department and/or Manager in Charge of IR	The Company has established the "Corporate Communications Department" as a department in charge of IR, and endeavors to strengthen and promote IR and PR activities by continuously and timely providing to shareholders and institutional investors, in a fair and equitable manner, information that is necessary for making investment decisions.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the "Sumitomo Chemical Charter for Business Conduct", which codifies the basic code of behavior regarding company activities and the Compliance Manual that stipulates specific policies thereof, and has manualized and distributed them to all officers and employees.
Implementation of Environmental Activities, CSR Activities etc.	The Sumitomo Chemical Group sets the promotion of sustainability as its basic management policy, and deals with the pursuit of economic efficiency, environment, safety and quality assurance activities, and social activities in a balanced manner. Furthermore, as Responsible Care activities, the Sumitomo Chemical Group establishes the "Corporate Policy on Responsible Care (Safety, Health, Environment and Product Quality)" on matters regarding safety, environment and quality in every stage of its business activities that must be given top priority, and uses such policy as the basis of the business operation of the Company and informs the whole Group of this policy. Furthermore, in 2018, in order to deal with the realization of a sustainable society in an integrated manner, the Company established a "Sustainability Promotion Committee". Through this Committee, the Company views management activities of our Group in an integrated manner and reviews its contribution to sustainability from a higher perspective, thereby accelerating its efforts toward SDGs and other social problems solution.
Other	The present management system consists of 10 Directors (All Japanese. 8 Males and 2 Females) and 37 Executive Officers (4 are concurrent with Directors. Breakdown of Execution Officers: 35 Japanese, 2 Foreigners; 34 Males, 3 Females).

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. Fundamental Principles
(1) The Company will, based on the business spirit and the Business Philosophy of Sumitomo, conduct business activities in accordance with the "Basic Principles of Sustainability Promotion" and "Sumitomo Chemical Charter for Business Conduct" so that the business group composed of the Company and the Company Group will promote sustainability, namely contribute to the achievement of sustainable society through our business and achieve our own sustainable growth.
(2) The Company recognizes that establishing a system necessary to ensure the proper conduct of business (hereinafter, "Internal Control System,") is a process required for the sound sustenance of the organization and should be undertaken proactively in order to accomplish the Company's business objectives. Recognizing this, the Company shall establish its Internal Control System as outlined below and alter it as necessary in response to changes in the Company's business environment, thereby conducting business operations that fulfill the interest of its shareholders and all other stakeholders. In addition, the Company shall establish a dedicated committee or committees to ensure attaining the above objectives

2. A system for ensuring that the Company's Directors execute their business duties in compliance with the laws and the Company's Articles of Incorporation
(1) The Company shall institute, as its corporate bodies, General Meeting of Shareholders, Directors, the Board of Directors, Corporate Auditors, Board of Corporate Auditors and Accounting Auditors in accordance with the laws and the Articles of Incorporation. In addition, with respect to Directors and Corporate Auditors, several Outside Directors and Outside Corporate Auditors with independence shall be appointed. In order to increase the transparency and fairness of nominations of Directors and Corporate Auditors and compensations of Directors, the Nomination Advisory Committee and the Remuneration Advisory Committee, of which Outside Directors/Corporate Auditors have the majority, shall be established.
(2) Directors shall observe all applicable laws, the Articles of Incorporation and resolutions of the General Meeting of Shareholders. They shall also have an obligation to be attentive to their duties as good managers and carry out these duties faithfully. The term of office for Director shall be one year to allow for a swift response to changes in the business environment of the Company. The Board of Directors shall assume supervisory responsibility to ensure that Directors observe all applicable laws and the Company's Articles of Incorporation, and that Directors establish and operate an adequate Internal Control System pursuant to the basic policies contained herein.
(3) Directors shall establish systems for ensuring required reliability of financial reporting and the proper and timely disclosure of information concerning the Company.

3. A system for the retention and management of information regarding the execution of business duties by the Company's Directors
The Company shall establish rules prescribing the manner of retention, disposal and management and operating method of the information system concerning the business-related information handled in various media. The Company shall retain and manage information properly by establishing a management system pursuant to such rules.

4. A system for ensuring the efficient execution of business duties by Directors of the Company and its group companies
(1) The Board of Directors shall properly determine the targets for important issues concerning business policies, planned business undertakings, accounting & finance, research & development, etc. of the corporate group consisting of the Company and its group companies (the "corporate group," hereinafter referred to as the "Group") and shall monitor the progress of work toward the targets.
(2) The Board of Directors shall appoint Executive Officers to promote the expeditious execution of business and more clearly define their responsibilities, and shall cause the Executive Officers to perform businesses specifically entrusted to them in their respective fields determined by the Board.
(3) Directors shall work to get information about management activities of the Group in a prompt and appropriate manner by establishing management information systems utilizing information technology.

5. A system for ensuring that the Company's employees and its group companies' Directors and employees carry out their business assignments in compliance with the laws and the Articles of Incorporation

(1) The Company shall strive to ensure that all employees are fully aware of their obligation to abide by the law and to develop a sound corporate culture by educating employees about compliance with social norms and continually raising the level of business ethics, based on the principles in the "Sumitomo Chemical Charter for Business Conduct."
(2) The Company, through an internal committee governing "compliance," shall investigate and oversee the status of compliance and, if necessary, recommend improvements.
(3) The Company shall strive to promptly identify and rectify any violations or suspected violations of compliance through its internally established "Speak-Up Hotline," which provides employees with an avenue for reporting such violations or suspected violations.
(4) The Company shall establish a department in charge of internal auditing to verify that employees carry out their duties in a proper and effective manner. They shall also take pertinent measures to carry out special controls or auditing with regard to businesses, departments, systems, etc. that are exposed to risks that may result in significant losses (hereinafter, "Risk"). Furthermore, when certain issues have been pointed out as a result of auditing by Corporate Auditors, accounting auditors, the Company's department in charge of internal auditing, etc., the relevant departments, etc. of the Company that have been thus audited shall take appropriate remedial measures within a specified period of time.
(5) The Company shall clearly define the roles and functions of each department, section, etc. by designing and establishing an organization that will be most capable of conducting business activities in compliance with the law and the Articles of Incorporation.
(6) In order to achieve its overall targets, the Company shall strive to ensure the fair operation of its personnel management system, whereby employees are encouraged to set their own targets to be achieved, and their performance is assessed and compensation and incentives determined on the basis of the degree to which such targets have been achieved.
(7) The Company shall request its major group companies both in Japan and abroad to adopt and properly operate a compliance system equivalent to that of the Company. It shall also work to establish, maintain, and enhance the effective internal control of the Company and its group companies in their entirety by conducting internal audit.

6. A system of the Company and its group companies for risk management rules, procedures, etc.
(1) The Company shall establish rules for the Group to promote developing Risk awareness, ensure early detection of Risks, prevent Risks from manifesting themselves, prepare plans to handle instances of emergency, etc.
(2) The Company shall, through its internally established committee overseeing risk management of the Group, determine the Group's policies on risk management, evaluate Risks involved, monitor and supervise the status of work on preparation and implementation of plans for the risk management and, where necessary, make recommendation on improvements to be made.
(3) In the event that there occurs any incident of crisis which requires company-wide all-out efforts for resolution, the Company shall promptly work to look into the situation affected by the crisis and resolve it by setting up a task force headquarters.

7. A system regarding reporting to the Company about business operations of the Group and matters concerning the execution of business duties by Directors etc. of the Company's group companies
(1) The Company shall establish rules concerning operations of the Group, request its group companies both in Japan and abroad to report on their business policies, planned business undertakings, and other important matters relating to their business operations in accordance with the rules, and shall strive to deepen mutual understanding and share management strategies with those group companies.
(2) The Company shall work to develop a system whereby the Company's Corporate Auditors can exchange information with corporate auditors and other auditing staff at its major group companies, and thereby jointly ensure the effectiveness of audits throughout the Group.

8. A system for ensuring the effective conduct of audits by the Company's Corporate Auditors
(1) Matters concerning employees who are due to assist Corporate Auditors in performing their duties
The Company shall appoint an employee or employees who work full-time to assist its Corporate Auditors in performing their duties under their direction in accordance with the Company rules. Personnel management matters concerning such an employee shall be settled with the prior approval of Corporate Auditors.
(2) Matters on reporting to the Corporate Auditors
i) The Company's Directors and employees shall establish a system capable of ensuring that the Company's standing Corporate Auditors attend conferences on important issues of the Company or its group companies and, in addition, shall report as appropriate to the Corporate Auditors on matters based on the laws or on matters called for by the Corporate Auditors about the Company or its group companies.

ii) The Company's Directors shall report to its Corporate Auditors on internal audit plans to be conducted by an internal audit department, the progress of the audit and its results.
iii) The Company shall establish a system capable of ensuring that none of the Company's Directors and employees or its group companies' Directors, Corporate Auditors and employees will be put at any disadvantage on the ground of having reported to the Company's Corporate Auditors.
(3) Matters concerning expenses arising from the performance by the Corporate Auditors of their duties
The Company shall establish a system capable of ensuring meeting expenses required for the execution by its Corporate Auditors of their duties, with respect to those expenses that may arise from the performance by the Company's Corporate Auditors of their duties.
(4) Other matters for ensuring the effective conduct of audits by the Corporate Auditors
Representative Directors shall hold regular meetings with the Company's Corporate Auditors, to exchange views and deepen mutual understanding about tasks to be undertaken by the Company, risks confronting the Company, and the general state of the environment for auditing by Corporate Auditors.

9. A system for excluding influences of antisocial factions and groups
The Company shall never enter into any relationship, including transactional relations, with antisocial factions and groups that threaten to disrupt the public order and safety of society, and shall take action against them across the Company in a firmly determined and uncompromising manner, working closely with outside specialized institutions.

2. Basic Views on Eliminating Anti-Social Forces

The Company explicitly stipulates in Compliance Manual, which is distributed to and thoroughly understood by its officers and employees and also posted on the Company's website that it shall take actions against antisocial factions and groups in a firmly determined and uncompromising manner and shall never enter into any relationship with them. The Company sets the General Affairs Department as the department that has overall responsibility in the handling of such affairs, and cooperates with external specialized agencies such as the police, collects and manages information on antisocial factions, and disseminates information thereof and raises awareness within the Group.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

The Company has no plans to adopt Anti-Takeover Measures.

2. Other Matters Concerning to Corporate Governance System

(1) Please refer to Appendix (1) for the schematic diagram of the Corporate Governance Structure (including the Internal Control System).
(2) Summary of timely disclosure system
The status of the Company's internal structure regarding timely disclosure of company information is as follows. Please refer to Appendix (2) for the schematic diagram.

A. Internal structure regarding timely disclosure of company information

(a) Basic Policy

The Company ensures that active communication with people involved with the Company (such as shareholders, business connections, people of the local community, etc.) forms the basis of the business activities of the Company, and the Company has the policy to conduct accurate and timely disclosure of its information (such as details of its management, business activities etc.) in accordance with applicable laws and regulations. This policy is distributed to, and thoroughly understood by, in the form of the Charter for Business Conduct and Compliance Manual of the Company to all of its officers and employees.

(b) Organization Structure

The Corporate Communications Department is dedicated to and responsible for the disclosure of company information and endeavors to conduct timely and continuous information disclosure in cooperation with relevant departments.

In addition to important matters that are required to be disclosed by the Financial Instruments and Exchange Act and disclosure rules stipulated by the securities exchange, the Company actively discloses information on matters relating to the operation, service and property of the Company or subsidiaries that are decided at the Board of Directors, or matters that arise or are identified in any department that may affect investment decisions. Furthermore, the Company endeavors to set occasions where officers etc. of the Company, including the President, take the initiative in fulfilling its accountability.

(c) Management of Insider Information

The Company defines undisclosed important company information as "Insider Information" and has its officers and employees strictly manage such information, and establishes company regulations setting forth that Insider Information shall be intensively controlled by the "Legal Department" ("Insider Trading Management Regulations"), thereby endeavoring to prevent acts that constitute, or may be viewed as, insider trading.

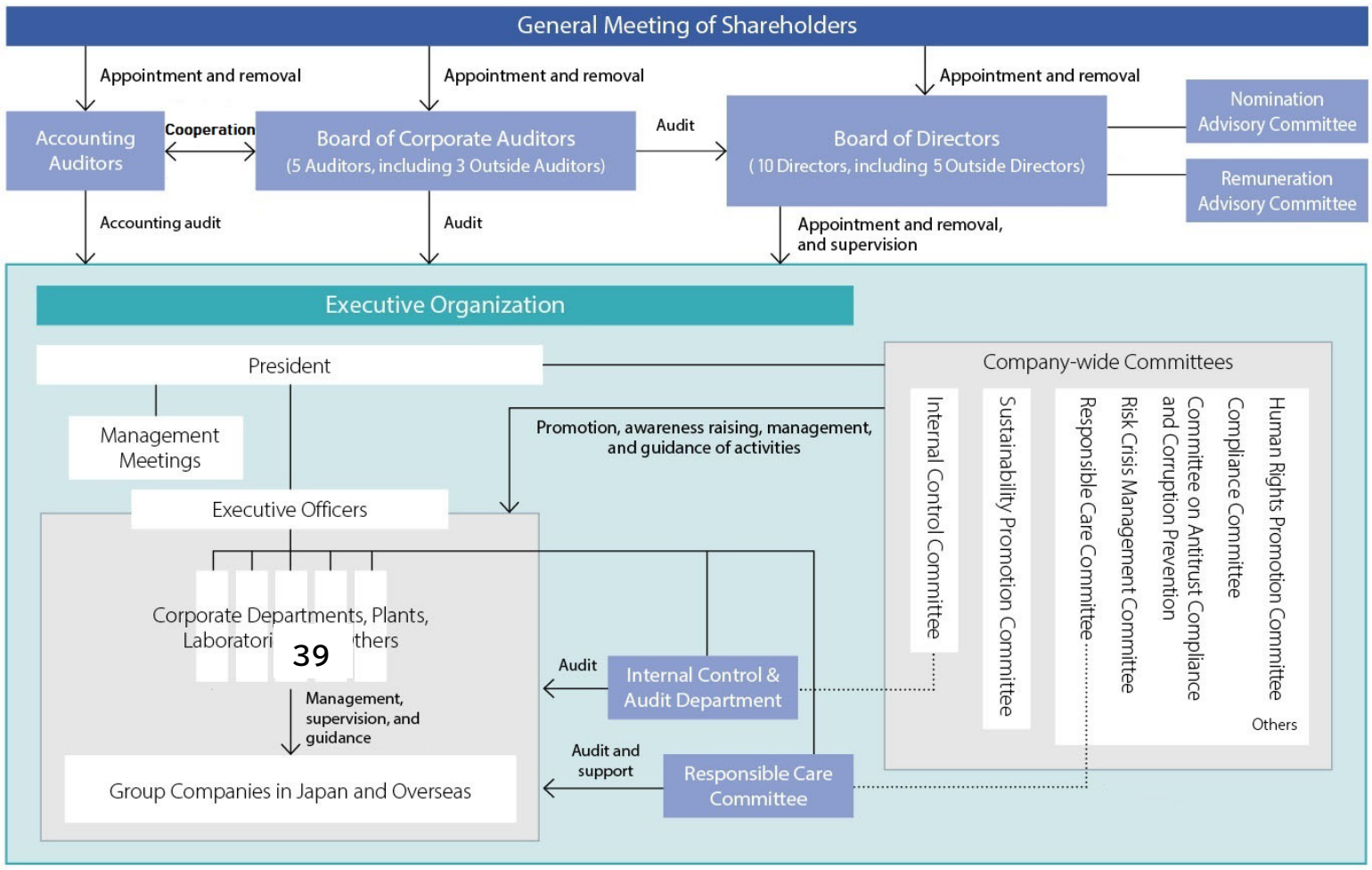
Furthermore, the internal structure regarding timely disclosure is as shown graphically in Appendix (2).

B. Monitoring on Management of Company Information

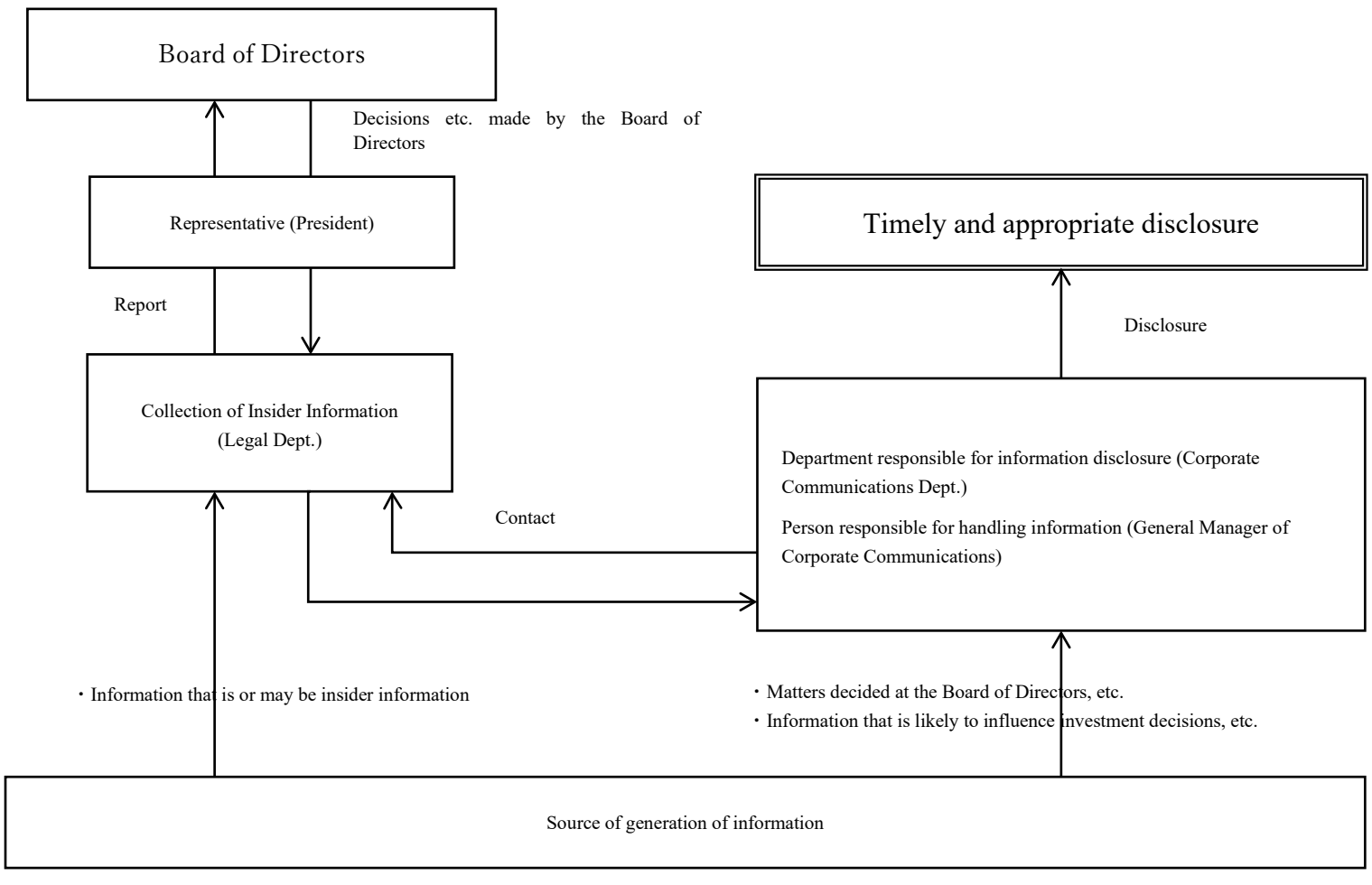
In regard to execution of operation by officers and employees of the Company, in order to inspect whether internal control is established and effectively functions and whether company-wide operations are fairly and properly conducted, audit by the "Internal Control and Audit Department" is conducted in addition to audits by Corporate Auditors in accordance with the Companies Act. Also, internal audits to Group companies are conducted on a periodic basis.

Moreover, the Company endeavors to maintain and improve sound execution of operation by establishing a "Compliance Committee", a company-wide organization and then formulating a system to monitor and oversee compliance of all laws, Charter for Business Conduct, Compliance Manual, etc. relating to business activities of its officers and employees. The Company's group companies have the similar systems. With respect to the violations of compliances found through internal audits conducted by "Internal Control and Audit Department" and responsible care audits conducted by "Responsible Care Department" for the Company and its group companies, since they are also important in terms of governance, they are either reported regularly, or for serious cases, every time when it occurs, to the Board of Corporate Auditors to seek its guidance and oversight. In addition, the cases reported through "Speak-Up Hotline" and the violations of compliance in each Group company which are reported to the Compliance Committee of the Company and its group companies are treated similarly.

【Appendix (1)】Corporate Governance Structure



【Appendix (2)】Company's internal structure regarding timely disclosure



【Appendix (3)】Design of the organs, composition of Independent Outside Directors and establishment of non-mandatory committees in each of the following subsidiaries

Company Name	Design of organs	Composition of the Board	Non-mandatory committees established
Sumitomo Pharma Co., Ltd.	Company with Board of Corporate Auditors	The Board is composed of 8 members including 4 Independent Outside Directors	・Nomination and Remuneration Advisory Committee ・Supervising Committee for Conflict of Interests Arising from Transactions Conducted among Group Companies（＊）
Tanaka Chemical Corporation	Company with Audit and Supervisory Committee	The Board is composed of 7 members including 4 Independent Outside Directors	・Nomination and Remuneration Advisory Committee ・Outside Officers Consulting Committee（＊）
Koei Chemical Co., Ltd.	Company with Audit and Supervisory Committee	The Board is composed of 9 members including 3 Independent Outside Directors	・Nomination Advisory Committee ・Remuneration Advisory Committee ・Outside Directors Meeting（＊）
Taoka Chemical Co., Ltd.	Company with Audit and Supervisory Committee	The Board is composed of 10 members including 4 Independent Outside Directors	・Officers' Nomination Advisory and Consultation Committee ・Officers' Remuneration Advisory and Consultation Committee ・Outside Officers Discussion Committee（＊）

(＊) Committees which monitor and supervise the appropriateness of the transactions conducted with the parent company group.