

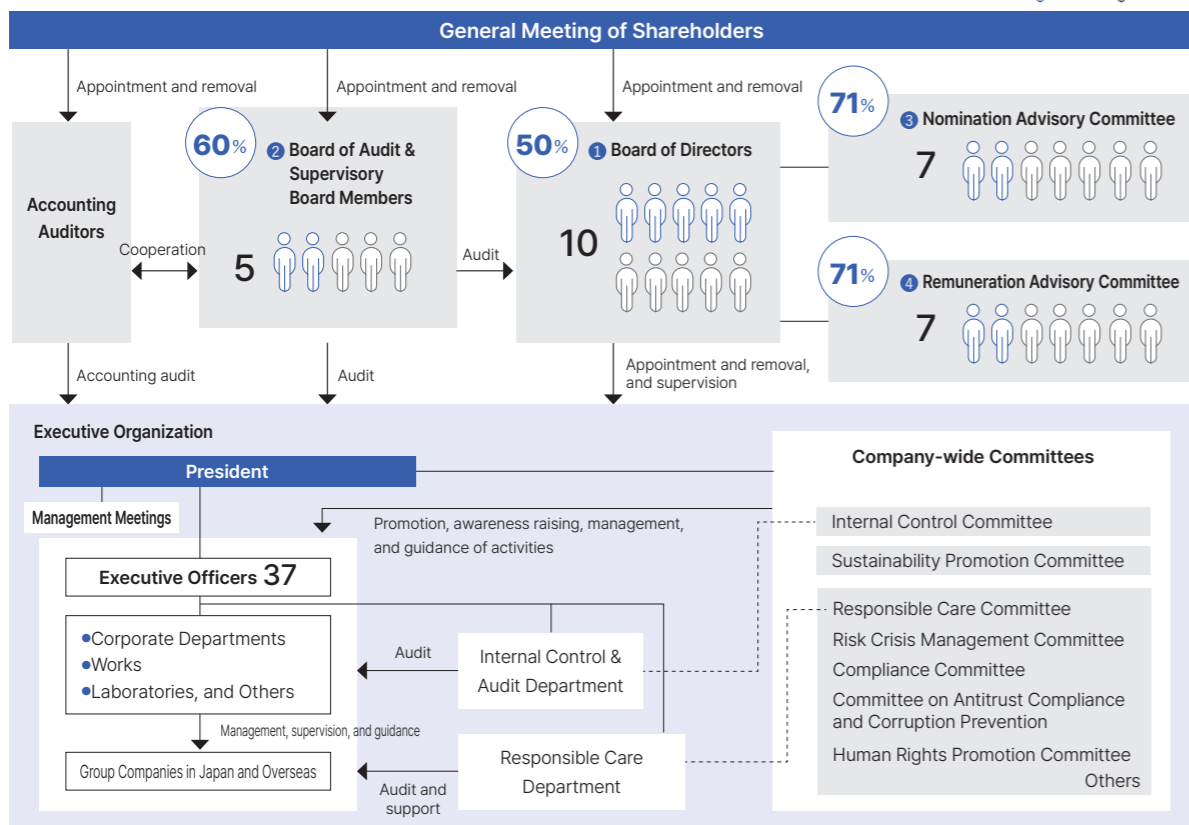
Corporate Governance

Sumitomo Chemical makes continual improvements to ensure that the company's governance structures serve their appropriate functions, including with respect to executive nomination and remuneration, and that the Board of Directors is highly effective, with the aim of further improving corporate governance.

The number inside the circle in the upper left represents the ratio of outside directors.

Corporate Governance Organization (As of July 1, 2024)

Inside Outside



Corporate Governance Organization

→ Corporate Governance (Sustainability Report)

Chairperson: Chairman of the Board (The Chairman of the Board does not concurrently serve as Executive Officer.)

The term of office of Directors: One year

1 Board of Directors

The Sumitomo Chemical Board of Directors decides management policy, business strategies, and other important matters concerning the company's management, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders. In June 2024, we revised the composition of the Board of Directors with the aim of further strengthening the monitoring functions, including "management oversight" and the "deliberation and evaluation of medium- to long-term management strategies and policies." As a result, outside directors now make up half of the board.

Constituent members: 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members)

2 Board of Audit & Supervisory Board Members

The Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The results of audits and the objective views of Outside Audit & Supervisory Board Members are appropriately reflected in internal audits, Audit & Supervisory Board Members' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing. The Audit & Supervisory Board Members' Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Audit & Supervisory Board Members.

Constituent members: Outside Directors and the Chairman of the Board, and the President

3 Nomination Advisory Committee

An advisory committee of the Board of Directors relating to the selection of senior management*1 and the nomination of Directors and Audit & Supervisory Board Members. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when selecting executives, with the aim of ensuring even greater transparency and fairness in executive selection and also clarifying the process of executive selection.

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

Constituent members: Outside Directors and the Chairman of the Board, and the President

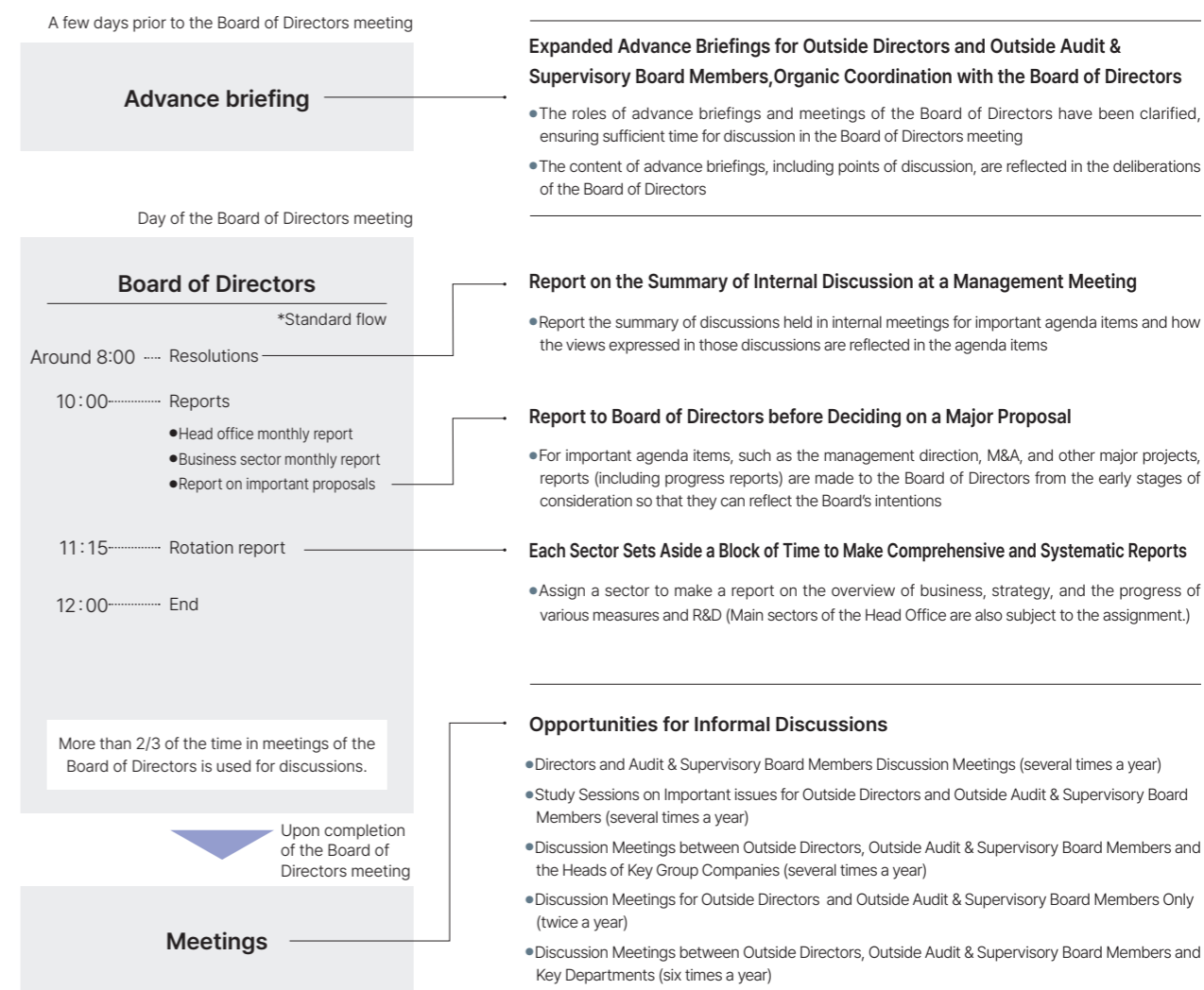
4 Remuneration Advisory Committee

An advisory committee of the Board of Directors relating to the remuneration system and remuneration levels for Directors and Executive Officers, as well as other related issues. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when determining systems for and levels of executive remuneration, among other issues, with the aim of further increasing transparency and fairness. In addition, upon authorization by the Board of Directors, the committee determines the amount of compensation for each individual senior management and Directors in accordance with the policies for determining compensation of senior management and Directors.

Efforts to Substantively Strengthen Corporate Governance

Changes in the Method of Operation of the Board of Directors

Sumitomo Chemical is continuously improving the operation of the Board of Directors and various corporate governance measures with the primary objectives of further strengthening the board's monitoring functions and enhancing the transparency and objectivity of management. In particular, we place great importance on maximizing the effectiveness of Outside Directors and Outside Audit & Supervisory Board Members, and to this end, we have implemented various measures to reduce the information asymmetry between internal and outside directors. As a result of these improvements, the operation of the Board of Directors and its associated meetings is as shown in the diagram below.



Expanded Advance Briefings for Outside Directors and Outside Audit & Supervisory Board Members, Organic Coordination with the Board of Directors

- The roles of advance briefings and meetings of the Board of Directors have been clarified, ensuring sufficient time for discussion in the Board of Directors meeting
- The content of advance briefings, including points of discussion, are reflected in the deliberations of the Board of Directors

Report on the Summary of Internal Discussion at a Management Meeting

- Report the summary of discussions held in internal meetings for important agenda items and how the views expressed in those discussions are reflected in the agenda items

Report to Board of Directors before Deciding on a Major Proposal

- For important agenda items, such as the management direction, M&A, and other major projects, reports (including progress reports) are made to the Board of Directors from the early stages of consideration so that they can reflect the Board's intentions

Each Sector Sets Aside a Block of Time to Make Comprehensive and Systematic Reports

- Assign a sector to make a report on the overview of business, strategy, and the progress of various measures and R&D (Main sectors of the Head Office are also subject to the assignment.)

Opportunities for Informal Discussions

- Directors and Audit & Supervisory Board Members Discussion Meetings (several times a year)
- Study Sessions on Important issues for Outside Directors and Outside Audit & Supervisory Board Members (several times a year)
- Discussion Meetings between Outside Directors, Outside Audit & Supervisory Board Members and the Heads of Key Group Companies (several times a year)
- Discussion Meetings for Outside Directors and Outside Audit & Supervisory Board Members Only (twice a year)
- Discussion Meetings between Outside Directors, Outside Audit & Supervisory Board Members and Key Departments (six times a year)

Visits to Production Sites

- Outside Directors and Outside Audit & Supervisory Board Members visit to our business offices, and Group companies outside Japan (twice a year)



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

As a result of efforts such as reviewing the way the Board of Directors operates, Outside Directors and Outside Audit & Supervisory Board Members have expressed the view that meetings of Sumitomo Chemical's Board of Directors feature free, frank, constructive, and lively debates. In addition, we have received numerous suggestions and advice from Outside Directors and Outside Supervisory Board Members on how to operate the Board of Directors, support systems for Outside Directors and Outside Audit & Supervisory Board Members, and various corporate governance improvement measures, during the meeting of Board of Directors as well as informal meetings of Outside Directors and Outside Audit & Supervisory Board Members relating to the assessing the effectiveness of the Board of Directors. Based on these suggestions and advice, we have implemented the following measures.

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



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

TOPICS

Examples of Board Discussions (FY2023)

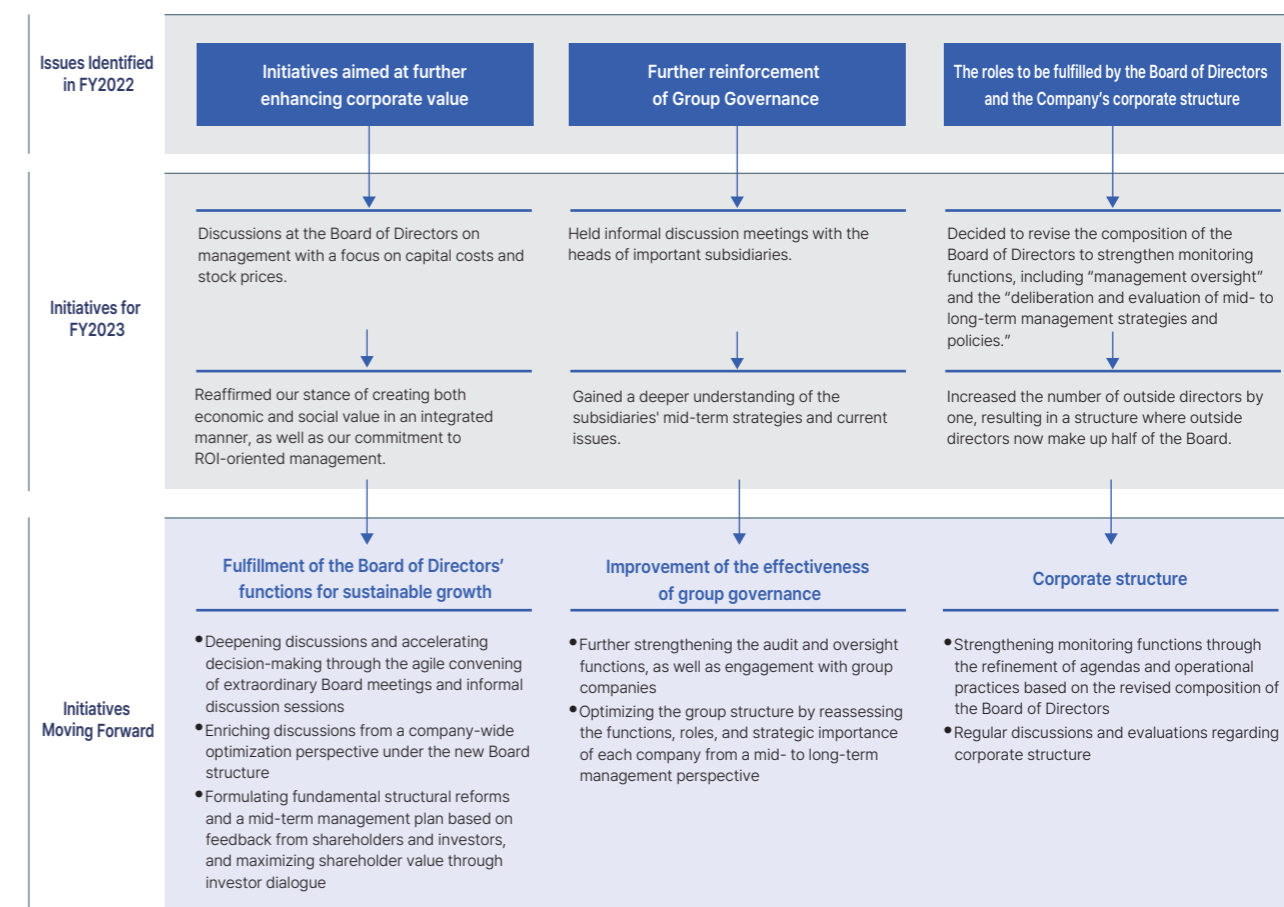
In FY2023, in response to our challenging financial performance, we held multiple study sessions and informal discussion meetings, in addition to regular Board meetings, to ensure a V-shaped recovery and secure sustainable growth in the future. These sessions involved extensive discussions on immediate-term, concentrated measures to improve business performance and fundamental structural reforms.

Regarding the immediate-term, concentrated measures to improve business performance, the Board of Directors has been closely monitoring progress in a timely manner, discussing the need for additional measures and the importance of accelerating initiatives, thereby supporting the management team in ensuring effective execution. For the fundamental structural reforms, we engaged in thorough discussions, considering changes in the business environment, our long-term vision, the positioning of each business area within our new growth strategy, and strategies to maximize profitability in existing businesses. Specific issues such as the restructuring of Sumitomo Pharma, the reassessment of Petro Rabigh's role, and the reorganization of the petrochemical business were also rigorously debated. Throughout these discussions, our outside directors and outside audit & supervisory board members provided numerous objective and, at times, critical observations. For instance, when evaluating the direction of structural reforms, it was emphasized that it is essential to clearly and quantitatively define the company's long-term vision. There were also opinions that, in addition to restructuring or divesting unprofitable businesses, we must work to further enhance the profitability of profitable ones. During the strategy formulation process, concerns were raised about the feasibility of our growth strategies, and it was suggested that backup plans should also be considered. Additionally, we discussed the future direction of Sumitomo Pharma and Petro Rabigh within our business portfolio, as well as how we should communicate these decisions to stakeholders, ensuring full accountability.

As a result of these thorough reviews and discussions, we finalized and announced the outline of the fundamental structural reforms in April 2024.

Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, auditing status on its business execution, and the operations of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee. The company conducts surveys of each Director and Audit & Supervisory Board Members about their assessing the effectiveness of the Board of Directors. Based on the results of these surveys, there is then a frank exchange of views in meetings of the Board of Audit & Supervisory Board Members, in informal meetings with Outside Directors and Outside Audit & Supervisory Board Members, and in management meetings, after which the Board of Directors then conducts a review of its own effectiveness in one of its meetings based on the views expressed in the prior meetings.



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

Appointment Policy

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

Appointment Procedures



Dismissal Policy and Procedures

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

Remuneration

Remuneration for Directors (excluding Outside Directors) and Executive Officers shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. In addition, the remuneration for Outside Directors shall consist of Basic Compensation and Bonuses.

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.

Executive Compensation Structure

Mechanisms of each remuneration element

1 Basic Compensation

Based on the factors for determination described below, the company will change the amount of remuneration when it is determinable that the company's position has changed from a comprehensive and medium- to long-term perspective.

Factors for Determination	Major Indicators
Growth	Sales revenue Total assets Market capitalization
Earnings capacity	Current income (belonging to the parent company) ROE ROI D/E ratio
Outside evaluations	Credit ratings ESG index selected by GPIF

(Note) The amount to be paid to each person will be determined by each position.

2 Bonuses

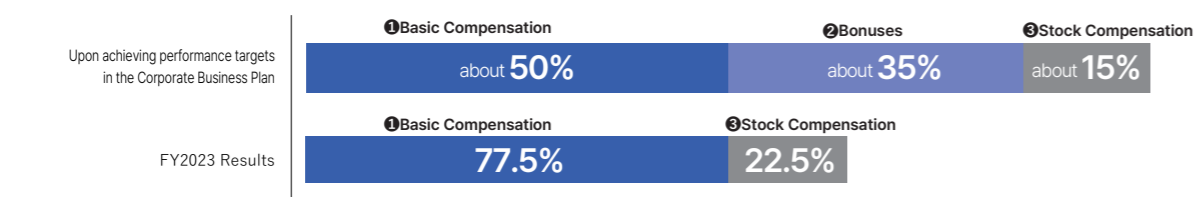
Consolidated performance indicator	Core operating profit plus financial profit and loss
Calculation formula	$\frac{\text{Consolidated performance indicator}}{\text{Coefficient}^*}$

*The Company will arrange so that the higher the position, the larger the coefficient will be.
(Note) If a consolidated performance indicator does not exceed a particular level, bonuses will not be paid.

3 Stock Compensation

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.

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



Directors' and Audit & Supervisory Board Members' compensation (FY2023)

Title	Number of people	Total amount of compensation	Total amounts of compensation by type		
			Basic compensation (fixed remuneration)	Bonuses (performance-linked remuneration)	Stock compensation (non-monetary compensation)
Directors (Of which, Outside Directors)	14 (4)	634 (60)	505 (60)	-	129 (-)
Audit & Supervisory Board Member one (Of which, Outside Audit & Supervisory Board Members)	6 (3)	122 (43)	122 (43)	-	-
Total	20	756	627	-	129

(Note) The numbers of people and the amounts of compensation listed above include two Directors and one Audit & Supervisory Board Member who retired during this fiscal year.

In light of our challenging performance, we are implementing the following measures.

1 Remuneration 2023/11~2024/4 : The Representative Director, Chairman of the Board and the Representative Director & President will voluntarily forgo 10% of their basic monthly remuneration.

2024/5~2024/9 : The Representative Director, Chairman of the Board and the Representative Director & President will have their basic monthly remuneration reduced by 20%, while other directors (including outside directors) and executive officers will have their basic monthly remuneration reduced by 5-10%.

2 Bonuses for directors Bonuses for directors for the fiscal year ending March 2024 will not be paid.

Expertise and Experience of Directors and Audit & Supervisory Board Members

Our management requires expertise and business experience in a variety of fields. In light of these business characteristics, the Company's Board of Directors, in principle, consists of a diverse range of members, including those with extensive knowledge and experience in corporate management, the Company's business, finance and accounting, legal, compliance, and internal controls, etc., as well as international experience.

Position	Corporate Management	Business Strategy/Marketing	Technology/Research	Global	ESG/Sustainability	Finance/Accounting	Human Resources and Labor	Legal/Compliance/Internal Control	Knowledge of Other Specialized Fields
Board of Directors									
Masakazu Tokura (Chairman of the Board)	●	●		●					
Keiichi Iwata (Representative Director & President)	●	●		●					
Hiroshi Ueda (Representative Director)		●	●						● (IT・DX)
Hiroshi Niinuma (Director)					●		●	●	
Noriaki Takeshita (Director)		●		●		●			
Hiroshi Tomono (Outside Director)	●		●		●				
Motoshige Itoh (Outside Director)				●					● (International Economics) ● (IT・DX)
Atsuko Muraki (Outside Director)					●		●	●	
Akira Ichikawa (Outside Director)	●			●	●				
Yumiko Noda (Outside Director)	●			●		●			
Audit & Supervisory Board Members									
Kunio Nozaki (Standing Audit & Supervisory Board Member)				●		●			
Hironobu Nishi (Standing Audit & Supervisory Board Member)		●		●	●				
Mitsuhiro Aso (Outside Audit & Supervisory Board Member)				●	●			●	
Yoshitaka Kato (Outside Audit & Supervisory Board Member)				●		●		●	
Michio Yoneda (Outside Audit & Supervisory Board Member)	●				●				● (Financial Markets)

(Note) In the table above, each person's main areas of expertise and experience, up to a maximum of three areas, are designated with a ●.

Listed Company with Listed Subsidiaries

Our Thinking Regarding Listed Companies with Listed Subsidiaries

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

Our company is currently promoting fundamental structural reforms in response to the severe performance trends we are facing, with the aim of finding a new path to growth. We believe that establishing the best growth model for each of our listed subsidiaries is of utmost importance. Accordingly, we will review the relationships between our company and each subsidiary, including our equity holdings, in alignment with the direction of our structural reforms.

The Significance of Being Listed Companies with Listed Subsidiaries

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

Building an Effective Governance System

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

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

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

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

Company Name	Design of Organization	Composition of the Board		Non-mandatory Committees Established	
		Ratio of Outside Directors		Nomination/Remuneration	Monitoring and Supervision of Such Areas as Transactions with the Parent Company
Sumitomo Pharma Co., Ltd.	Company with Board of Audit & Supervisory Board Members	50% (4/8)		Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Koei Chemical Co., Ltd.	Company with Audit and Supervisory Committee	40% (4/10)		Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Taoka Chemical Co., Ltd.	Company with Audit and Supervisory Committee	33% (4/12)		Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Tanaka Chemical Corporation	Company with Audit and Supervisory Committee	57% (4/7)		Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies

Internal Control

At Sumitomo Chemical, the Board of Directors has established the "Basic Policy for the Enhancement of the Internal Control System" as a framework to ensure the proper conduct of operations as stipulated by the Companies Act. The Internal Control Committee, chaired by the President, plays a central role in deliberating on various policies based on this basic policy. The company continuously reviews and strengthens the internal control system to ensure its effectiveness, adapting to changes in business and the environment.

In addition, information that may affect investors' investment decisions is managed by the Corporate Communications Department, which, in collaboration with relevant departments, ensures timely and continuous disclosure of such information.

→ Internal Control (Sustainability Report)

Risk Management

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

→ Risk Management (Sustainability Report)