

Internal Control

Status of the Development of the Internal Control System

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

In addition, we have formed the Internal Control Committee, which is chaired by the President, consists of Executive Officers responsible for and in charge of each business sector and corporate department, and includes Standing Audit & Supervisory Board Members as observers. The committee meets three times a year to discuss and confirm plans for and the implementation status of various measures based on the basic policy described above, and continuously enhances the internal control system by swiftly and appropriately responding to changes in the surrounding business environment.

Summaries of the matters covered in the committee are reported to the Board of Audit & Supervisory Board Members after each meeting. These summaries are then reported to the Board of Directors for deliberation.

Basic Policy for Enhancement of the Internal Control System

https://www.sumitomo-chem.co.jp/english/company/files/docs/InternalControlSystem_20190329_e.pdf

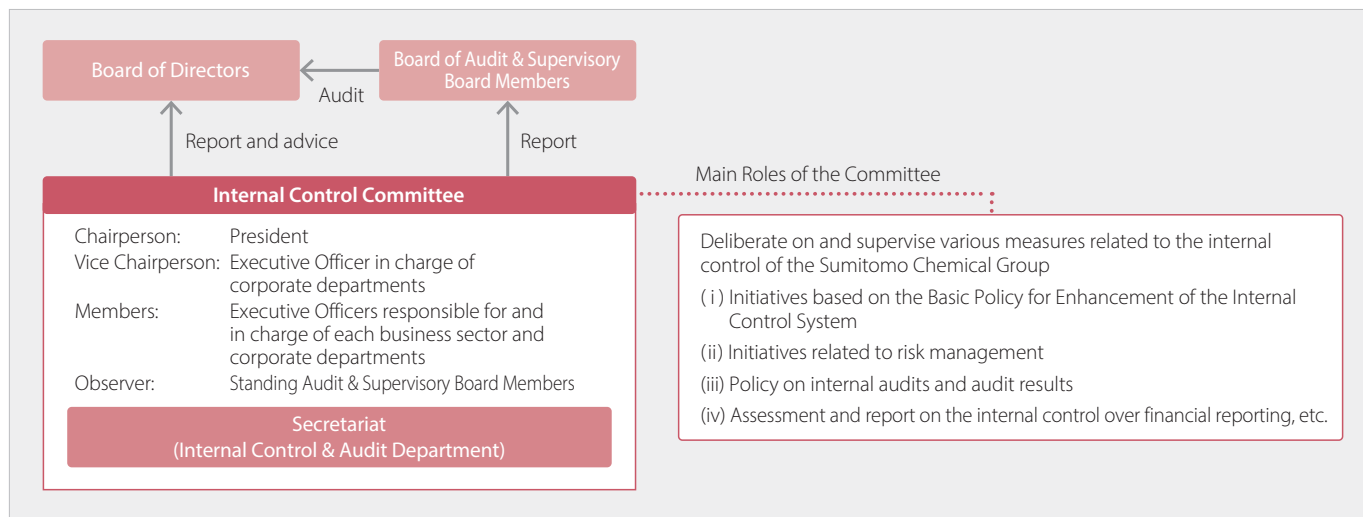
The Internal Structure Regarding Timely Disclosure

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

Corporate Governance Report

https://www.sumitomo-chem.co.jp/english/company/files/docs/governance_report_e.pdf

Internal Control Committee



Internal Audits

As part of its internal control monitoring activities, Sumitomo Chemical has established a dedicated organization within the Company to conduct internal audits, in addition to audits by the Audit & Supervisory Board Members and Financial Statement auditors. The Internal Control & Audit Department conducts internal audits for all matters related to the execution of operations by the Company and its Group companies, and dedicated audit teams for the Responsible Care Department conduct responsible care auditing from the perspective of safety, health and environment, and quality

throughout the life cycle of chemical products. The appointment of the General Manager of Internal Control and Audit Department and Responsible Care Department are both matters to be resolved by the Board of Directors.

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

① Internal Audits

Department Conducting the Audits	Internal Control & Audit Department
Objective of Internal Audits	Evaluate whether internal controls are in place, operating, and functioning appropriately from various perspectives, including maintaining the effectiveness and efficiency of operations, ensuring the reliability of financial reporting, and complying with relevant laws and statutes in all business activities
Audit Cycle	In principle, once every 2–5 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2023)	<ul style="list-style-type: none"> • Business process audits: 5 in-house organizations, 4 Group companies in Japan, 14 Group companies overseas • Information system security audits: 2 in-house organizations; 7 Group companies in Japan, 11 Group companies overseas
Sharing of Audit Results and Status of Improvements	<ul style="list-style-type: none"> • Reported to the Internal Audit Liaison Meeting (Held regularly, four times a year, attended by Standing Audit & Supervisory Board Members and a number of departments, including the Internal Control & Audit Department, the Responsible Care Department, the Legal Department, the Human Resources Department, the Accounting Department, and the planning & coordination offices of each business sector) • After reporting at the Internal Control Committee (Three times a year), the report is reported to the Board of Audit & Supervisory Board Members and the Board of Directors

② Responsible Care Audits

Department Conducting the Audits	Teams of dedicated auditors from the Responsible Care Department
Objective of Internal Audit	Evaluate whether internal controls relating to securing safety, health and environment, as well as maintaining and improving quality for all chemical products over their life cycle, are in place, operating, and functioning appropriately.
Audit Cycle	In principle, once every 1–3 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2023)	12 in-house organizations, 10 Group companies in Japan, 13 Group companies overseas
Sharing of Audit Results and Status of Improvements	<ul style="list-style-type: none"> • Reported internally as necessary • Reported to the Responsible Care Committee (Held regularly, once a year)