

# SUMITOMO CHEMICAL COMPANY, LIMITED

## **Notice of the 141<sup>st</sup> Ordinary General Meeting of Shareholders**

THIS DOCUMENT IS A SUMMARY OF A NOTICE AND THE ATTACHMENTS THERETO, THE ORIGINALS OF WHICH ARE IN THE JAPANESE LANGUAGE. THIS DOCUMENT IS MADE ONLY FOR THE REFERENCE PURPOSES OF SHAREHOLDERS WHO LIVE IN COUNTRIES OUTSIDE OF JAPAN AND DOES NOT CONSTITUTE A FORMAL TRANSLATION OF THE ORIGINAL NOTICE AND THE ATTACHMENTS. IN THIS SUMMARY, CERTAIN INFORMATION IS INTENTIONALLY OMITTED. THE ORIGINALS CONTAIN MORE INFORMATION, SUCH AS THE REPORTS OF THE ACCOUNTING AUDITORS AND THE BOARD OF CORPORATE AUDITORS, ETC., WHILE SOME SUPPLEMENTAL INFORMATION NOT CONTAINED IN THE ORIGINALS IS ADDITIONALLY GIVEN IN THIS SUMMARY AS FOOTNOTES WITH ASTERISKS.

To Our Shareholders:

Please take notice that Sumitomo Chemical Company, Limited (the “Company”) has called an Ordinary General Meeting of Shareholders to be held in Tokyo, Japan on June 23, 2022 (the “Meeting”) for the following purposes:

### MATTERS TO BE REPORTED:

- No. 1. Reports on the Company’s business report, consolidated financial statements, and the results of both the Accounting Auditor’s and the Board of Corporate Auditors’ audits of the Company’s consolidated financial statements for the 141<sup>st</sup> fiscal period (from April 1, 2021, to March 31, 2022) (the “141<sup>st</sup> fiscal period”).
- No. 2. Reports on the Company’s non-consolidated financial statements for the 141<sup>st</sup> fiscal period.

### MATTERS TO BE RESOLVED:

- No. 1. To make partial amendments to the Articles of Incorporation.
- No. 2. To elect twelve Directors.
- No. 3. To elect one Corporate Auditor.
- No. 4. To determine remuneration for granting restricted stock to Directors (excluding Outside Directors).

## EXPLANATION OF THE SUBJECT MATTERS OF THE MEETING

- No. 1. Reports on the Company's business report, consolidated financial statements, and the results of both the Accounting Auditor's and the Board of Corporate Auditors' audits of the Company's consolidated financial statements for the 141<sup>st</sup> fiscal period.
- No. 2. Reports on the Company's non-consolidated financial statements for the 141<sup>st</sup> fiscal period.

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\* The financial statements for the 141<sup>st</sup> fiscal period have been audited by the Accounting Auditors (certified public accountants under Japanese law) and the Corporate Auditors of the Company pursuant to the Companies Act (*kaishahou*) (Law No. 86 of 2005).

**No. 1. To make partial amendments to the Articles of Incorporation.**

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 14, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure of the reference materials for the general meeting of shareholders, etc. (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER 3: GENERAL MEETING OF SHAREHOLDERS</p> <p><u>Article 14 (Internet Disclosure of Reference Documents, etc. for the General Meeting of Shareholders)</u></p> <p><u>The Company may, in convening the General Meeting of Shareholders, disclose via the internet information on the matters which are to be described or presented in the reference documents for the General Meeting of Shareholders, a business report, non-consolidated financial statements and consolidated financial statements as provided by the Order of the Ministry of Justice.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">CHAPTER 3: GENERAL MEETING OF SHAREHOLDERS</p> <p style="text-align: center;">(Deleted)</p> <p><u>Article 14 (Measures etc., for Electronic Provision of Materials for General Meetings of Shareholders)</u></p> <p><u>(i) The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference materials for the General Meeting of Shareholders, etc. electronically.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>(ii) Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p><u>Supplementary provisions</u></p> <ol style="list-style-type: none"> <li><u>1. The amendments of Article 14 of the Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></li> <li><u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 (Internet Disclosure of Reference Documents, etc. for the General Meeting of Shareholders) of the Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date within six months from the Effective Date.</u></li> <li><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></li> </ol>

## No. 2. To elect twelve Directors.


The term of office of all twelve Directors will expire at the close of this Meeting. Accordingly, the election of twelve Directors (including four Outside Directors) is proposed.

The candidates for Directors are as follows:



Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings	
1	Masakazu Tokura (Reappointment)	Representative Director, Chairman	13 out of 13 meetings (100%)	
2	Keiichi Iwata (Reappointment)	Representative Director, President & Executive President	13 out of 13 meetings (100%)	
3	Noriaki Takeshita (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Essential Chemicals & Plastics Sector, Business Development for a Circular System for Plastics	13 out of 13 meetings (100%)
4	Masaki Matsui (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of IT-related Chemicals Sector	13 out of 13 meetings (100%)
5	Kingo Akahori (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Energy & Functional Materials Sector	13 out of 13 meetings (100%)
6	Nobuaki Mito (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Health & Crop Sciences Sector	13 out of 13 meetings (100%)
7	Hiroshi Ueda (Reappointment)	Director & Executive Vice President	Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory	13 out of 13 meetings (100%)
8	Hiroshi Niinuma (Reappointment)	Director & Executive Vice President	Supervision of General Affairs, External Relations, Legal, Human Resources	13 out of 13 meetings (100%)


Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings
9	Hiroshi Tomono (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
10	Motoshige Itoh (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
11	Atsuko Muraki (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
12	Akira Ichikawa (New appointment, Outside Director, Independent Officer)		–


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">1</p>  <p>Masakazu Tokura (Reappointment)</p>	<p>April 1974 Joined the Company June 2003 Executive Officer June 2006 Managing Executive Officer June 2008 Representative Director &amp; Managing Executive Officer April 2009 Representative Director &amp; Senior Managing Executive Officer April 2011 Representative Director, President &amp; Executive President April 2019 Representative Director, Chairman up to the present date</p> <p>Important Concurrent Post Chairman of KEIDANREN (Japan Business Federation)</p> <p>[Reason for selection as a Director nominee, etc.] Masakazu Tokura served as a Director &amp; Executive President for eight years from April 2011 to March 2019, contributing to the sustainable growth and the improvement of corporate value of the Company. He has been focusing on the operations of the Board of Directors of the Company as a Director, Chairman since April 2019. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall management of the Company, as described above.</p>	<p>July 10, 1950</p> <p>274,400 Shares</p>
<p style="text-align: center;">2</p>  <p>Keiichi Iwata (Reappointment)</p>	<p>April 1982 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer April 2018 Senior Managing Executive Officer June 2018 Representative Director &amp; Senior Managing Executive Officer April 2019 Representative Director, President &amp; Executive President up to the present date</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Keiichi Iwata has mainly engaged in business planning in the Fine Chemicals Sector and the IT-related Chemicals Sector and has worked abroad in Belgium. After his appointment as an Executive Officer, he experienced planning and administration as well as sales management and was in charge of the Energy &amp; Functional Materials Sector as a Director &amp; Senior Managing Executive Officer in 2018. As a Director &amp; Executive President since April 2019, he has implemented the previous Corporate Business Plan (from April 2019 to March 2022) and formulated the current Corporate Business Plan. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>October 11, 1957</p> <p>171,700 Shares</p>


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">3</p>  <p>Noriaki Takeshita (Reappointment)</p>	<p>April 1982    Joined the Company  April 2010    Executive Officer  April 2013    Managing Executive Officer  June 2017    Representative Director &amp; Managing Executive Officer  April 2018    Representative Director &amp; Senior Managing Executive Officer  up to the present date</p> <p><b>Current Responsibility at the Company</b>  Supervision of Essential Chemicals &amp; Plastics Sector, Business Development for a Circular System for Plastics</p> <p><b>Important Concurrent Post</b>  Deputy Chairman of Rabigh Refining and Petrochemical Company</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Noriaki Takeshita has mainly engaged in business planning and production planning in the Petrochemicals &amp; Plastics Sector and has worked abroad in Singapore and Saudi Arabia (the Rabigh Project). After his appointment as an Executive Officer, he experienced planning and administration as well as sales management and is currently in charge of the Essential Chemicals &amp; Plastics Sector and Business Development for a Circular System for Plastics as a Director &amp; Senior Managing Executive Officer. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>July 23, 1958</p> <p>96,100 Shares</p>




Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">4</p>  <p>Masaki Matsui (Reappointment)</p>	<p>April 1985 Joined the Company  April 2013 Executive Officer  April 2017 Managing Executive Officer  June 2019 Representative Director &amp; Managing Executive Officer  April 2021 Representative Director &amp; Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of IT-related Chemicals Sector</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Masaki Matsui has mainly engaged in business planning and sales/marketing in the Fine Chemicals Sector and the IT-related Chemicals Sector. When he was responsible for business planning for optical products, he contributed to significantly expanding the business not only in Japan but also in South Korea, Taiwan, and China. He is currently in charge of the IT-related Chemicals Sector as a Director &amp; Senior Managing Executive Officer. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>August 3, 1960  77,421 Shares</p>
<p style="text-align: center;">5</p>  <p>Kingo Akahori (Reappointment)</p>	<p>April 1983 Joined the Company  April 2015 Associate Officer  April 2016 Executive Officer  April 2018 Managing Executive Officer  June 2019 Representative Director &amp; Managing Executive Officer  April 2021 Representative Director &amp; Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of Energy &amp; Functional Materials Sector</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Kingo Akahori has engaged in a wide range of operations such as research and development, production technology, planning, and sales, in addition to being dispatched to the Swiss Federal Institutes of Technology and working overseas in the United States. After his appointment as an Executive Officer, he was responsible for the newly established Quality Assurance Office and divisions in the Energy &amp; Functional Materials Sector, contributing to the growth and expansion of the sector. He is currently in charge of the Energy &amp; Functional Materials Sector as a Director &amp; Senior Managing Executive Officer. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>August 2, 1957  56,600 Shares</p>


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">6</p>  <p style="text-align: center;">Nobuaki Mito (Reappointment)</p>	<p>April 1985    Joined the Company  April 2014    Associate Officer  April 2015    Executive Officer  April 2018    Managing Executive Officer  June 2020    Representative Director &amp;  Managing Executive Officer  April 2021    Representative Director &amp;  Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of Health &amp; Crop Sciences Sector</p> <p>Important Concurrent Post  Chairman of Valent U.S.A. LLC  Chairman of Valent BioSciences LLC</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Nobuaki Mito has mainly engaged in research and development in the Health &amp; Crop Sciences Sector and experienced being dispatched to University of California, Davis in the United States. After his appointment as an Executive Officer, he was responsible for the pharmaceutical business and other areas in the Corporate Business Development Dept., working on the development of next-generation businesses. He is currently in charge of the Health &amp; Crop Sciences Sector as a Director &amp; Senior Managing Executive Officer. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>August 4, 1960</p> <p>62,700 Shares</p>


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">7</p>  <p style="text-align: center;">Hiroshi Ueda (Reappointment)</p>	<p>April 1982    Joined the Company  April 2009    Executive Officer  April 2011    Managing Executive Officer  April 2016    Senior Managing Executive Officer  June 2016    Representative Director &amp;  Senior Managing Executive Officer  June 2018    Director &amp; Senior Managing Executive Officer  April 2019    Director &amp; Executive Vice President  up to the present date</p> <p><b>Current Responsibility at the Company</b>  Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process &amp; Production Technology &amp; Safety Planning, Production &amp; Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology &amp; Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Hiroshi Ueda has mainly engaged in manufacturing and industrial research. In addition to them, he was responsible for business development, business planning, and safety/environment/hygiene-related operations at each plant after his appointment as an Executive Officer. He was in charge of the Energy &amp; Functional Materials Sector as a Director &amp; Senior Managing Executive Officer since 2016 and is currently in charge of Research Planning and Coordination, Digital and Data Science Innovation, Process &amp; Production Technology &amp; Safety Planning, Engineering, Responsible Care, and corporate research facilities as a Director &amp; Executive Vice President. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>August 5, 1956</p> <p>136,500 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">8</p>  <p>Hiroshi Niinuma (Reappointment)</p>	<p>April 1981    Joined the Company  April 2010    Executive Officer  April 2013    Managing Executive Officer  April 2018    Senior Managing Executive Officer  June 2018    Director &amp; Senior Managing Executive Officer  April 2022    Director &amp; Executive Vice President  up to the present date</p> <p>Current Responsibility at the Company  Supervision of General Affairs, External Relations, Legal,  Human Resources</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Hiroshi Niinuma has mainly engaged in the operations such as general affairs and human resources. In addition to them, he was responsible for a wide range of administrative departments such as Legal, CSR, Internal Control and Audit, Corporate Communications, Procurement and Logistics, and worked on ensuring compliance, developing and improving a corporate governance structure after his appointment as an Executive Officer. He is currently in charge of General Affairs, External Relations, Legal, and Human Resources as a Director &amp; Executive Vice President. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>March 5, 1958</p> <p>102,900 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">9</p>  <p>Hiroshi Tomono (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1971      Joined Sumitomo Metal Industries, Ltd. (Currently NIPPON STEEL CORPORATION)</p> <p>June 1998      Director of Sumitomo Metal Industries, Ltd.</p> <p>June 1999      Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2003      Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>June 2003      Director &amp; Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2005      Representative Director &amp; Vice President of Sumitomo Metal Industries, Ltd.</p> <p>June 2005      Representative Director &amp; President of Sumitomo Metal Industries, Ltd.</p> <p>October 2012   Representative Director &amp; President &amp; COO of Nippon Steel &amp; Sumitomo Metal Corporation (Currently NIPPON STEEL CORPORATION)</p> <p>April 2014      Representative Director &amp; Vice Chairman of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>April 2015      Director &amp; Adviser of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2015      Adviser of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2015      Outside Director of the Company</p> <p>up to the present date</p> <p>June 2020      Senior Adviser of NIPPON STEEL CORPORATION</p> <p>up to the present date</p> <p>Important Concurrent Post</p> <p style="padding-left: 40px;">Outside Director of Japan Nuclear Fuel Limited</p> <p style="padding-left: 40px;">Outside Director of The Kansai Electric Power Company, Incorporated</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>Hiroshi Tomono can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, provide well-balanced advice based on an extensive view on overall management, make recommendations based on his expertise in research, technology, manufacturing and other areas, and support appropriate risk-taking, by making use of his abundant experience and extensive knowledge as a management executive of a business corporation. Accordingly, he was continuously selected as an Outside Director nominee.</p>	<p>July 13, 1945</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">10</p>  <p style="text-align: center;">Motoshige Itoh</p> <p>(Reappointment, Outside Director, Independent Officer)</p>	<p>December 1993 Professor, Faculty of Economics, The University of Tokyo</p> <p>April 1996 Professor, Graduate School of Economics, The University of Tokyo</p> <p>October 2007 Dean, Graduate School of Economics, Faculty of Economics, The University of Tokyo</p> <p>April 2016 Professor, Faculty of International Social Sciences, Gakushuin University</p> <p>June 2018 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post</p> <ul style="list-style-type: none"> <li>Outside Director of East Japan Railway Company</li> <li>Outside Director of THE SHIZUOKA BANK, LTD.</li> <li>Outside Director of JX Nippon Mining &amp; Metals Corporation</li> <li>Outside Corporate Auditor of Hagoromo Foods Corporation</li> </ul> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>Motoshige Itoh can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, and provide advice and recommendations based on his advanced expertise, by making use of his expert knowledge of economics, etc. through his long experience as a university professor and his wealth of experience and extensive knowledge of economic, social and other issues from his track record as a member of various government deliberative committees. Accordingly, he was continuously selected as an Outside Director nominee. Although Motoshige Itoh only has experience with enterprise management as an outside director or auditor, the Company has determined that he is capable of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.</p>	<p>December 19, 1951</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">11</p>  <p style="text-align: center;">Atsuko Muraki (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1978      Joined Ministry of Labour (Currently Ministry of Health Labour and Welfare)</p> <p>October 2005      Counsellor for Policy Evaluation, Minister's Secretariat of Ministry of Health Labour and Welfare</p> <p>September 2006      Deputy Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>July 2008      Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>September 2010      Director-General for Policies on Cohesive Society of Cabinet Office</p> <p>September 2012      Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health Labour and Welfare</p> <p>July 2013      Vice Minister of Health Labour and Welfare of Ministry of Health Labour and Welfare</p> <p>October 2015      Retired from Ministry of Health Labour and Welfare</p> <p>June 2018      Outside Director of the Company up to the present date</p> <p>Important Concurrent Post Outside Member of the Board of ITOCHU Corporation</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Atsuko Muraki can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, and provide advice and recommendations based on her advanced expertise, by making use of her wealth of experience and extensive knowledge in legal, social and other issues deriving from her employment over many years at administrative bodies as a civil servant as well as her expertise especially in human resources. Accordingly, she was continuously selected as an Outside Director nominee. Although Atsuko Muraki only has experience with enterprise management as an outside director or auditor, the Company has determined that she is capable of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.</p>	<p>December 28, 1955</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">12</p>  <p style="text-align: center;">Akira Ichikawa</p> <p>(New appointment, Outside Director, Independent Officer)</p>	<p>April 1978      Joined Sumitomo Forestry Co., Ltd.</p> <p>June 2007      Executive Officer &amp; General Manager of Corporate Planning Department of Sumitomo Forestry Co., Ltd.</p> <p>June 2008      Director, Managing Executive Officer of Sumitomo Forestry Co., Ltd.</p> <p>April 2010      Representative Director, President of Sumitomo Forestry Co., Ltd.</p> <p>April 2020      Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd.</p> <p>up to the present date</p> <p>Important Concurrent Post</p> <p style="padding-left: 20px;">Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd.</p> <p style="padding-left: 20px;">Outside Director of Konica Minolta, Inc.</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>Akira Ichikawa can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, provide well-balanced advice based on an extensive view on overall management, make recommendations based on his expertise in global operations, sustainability and other areas, and support appropriate risk-taking, by making use of his abundant experience and extensive knowledge as a management executive of a business corporation. Accordingly, he was newly selected as an Outside Director nominee.</p>	<p>November 12, 1954</p> <p>0 Shares</p>

- NOTES: 1      None of the above candidates has any conflicts of interest with the Company.
- 2      Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, and Mr. Akira Ichikawa are the candidates for Outside Directors.
- 3      Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki are currently Outside Directors of the Company. Mr. Hiroshi Tomono's term of office will be seven years, Mr. Motoshige Itoh's term of office will be four years, and Ms. Atsuko Muraki's term of office will be four years at the close of this Meeting.
- 4      Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has designated Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki as Independent Directors and Mr. Akira Ichikawa as a candidate for Independent Director, who have no risk of having conflicts of interest with ordinary shareholders.
- 5      Mr. Akira Ichikawa's role as Chairman of the Board at Sumitomo Forestry Co., Ltd. is mainly to oversee management. He has no area of responsibility, and his involvement in day-to-day business execution decisions is limited. The business relationship between Sumitomo Forestry Co., Ltd. and the Company represents less than 0.1% of consolidated sales for both companies, and Sumitomo Forestry



Co., Ltd. is neither a major business partner nor a major shareholder.

6 The Company executed limitation of liability contracts with Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki that limit their liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act (the "Limitation of Liability Contracts"). When they are reappointed to Outside Directors of the Company, the Company will continue the Limitation of Liability Contracts. In addition, if Mr. Akira Ichikawa is appointed to Outside Director of the Company, the Company will execute a contract with him with the same content as the Limitation of Liability Contracts.


7 The Company entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3(1) of the Companies Act., to cover damages and dispute costs such as litigation costs, lawyer fees, and arbitration/settlement costs (including those arising in connection with lost shareholder derivative suits and claims for damages from the Company) that should be legally borne by the insured. If each candidate is elected as a Director, he or she will be covered by the insurance contract, and the Company plans to renew the insurance contract with the same content during his or her term of office.

**No. 3. To elect one Corporate Auditor.**

The term of office of Corporate Auditor Michio Yoneda will expire at the close of this Meeting. Accordingly, the election of one Corporate Auditor is proposed.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for Corporate Auditor is as follows:

Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
 <p>Michio Yoneda (Reappointment, Outside Corporate Auditor, Independent Officer)</p>	<p>April 1973      Joined Bank of Japan May 1998      General Manager of Sapporo Branch of Bank of Japan April 2000      Resigned as General Manager of Sapporo Branch of Bank of Japan April 2000      Executive Director of Osaka Securities Exchange (Currently Japan Exchange Group, Inc.) April 2001      Executive Director of Osaka Securities Exchange Co., Ltd. October 2002    Senior Executive Director of Osaka Securities Exchange Co., Ltd. December 2003   President &amp; CEO of Osaka Securities Exchange Co., Ltd. January 2013    Director &amp; Representative Executive Officer &amp; Group COO of Japan Exchange Group, Inc. Director of Tokyo Stock Exchange, Inc. June 2015      Resigned as Director &amp; Representative Executive Officer &amp; Group COO of Japan Exchange Group, Inc. Resigned as Director of Tokyo Stock Exchange, Inc. June 2018      Outside Corporate Auditor of the Company up to the present date</p> <p>Important Concurrent Post Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Toyo Tire Corporation</p> <p>[Reason for selection as an Outside Corporate Auditor nominee, etc.] Michio Yoneda was continuously selected as an Outside Corporate Auditor nominee to audit the Company in light of his wealth of experience and extensive knowledge of industry and social and other issues through his long career in financial and securities market management in Japan.</p>	<p>June 14, 1949 2,000 Shares</p>

- NOTES: 1      The above candidate does not have any conflicts of interest with the Company.  
2      Mr. Michio Yoneda is a candidate for Outside Corporate Auditor.  
3      Mr. Michio Yoneda is currently an Outside Corporate Auditor of the Company, and his term of office will be four years at the close of this Meeting.  
4      Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has

designated Mr. Michio Yoneda as an Independent Corporate Auditor who has no risk of having conflicts of interest with ordinary shareholders.

5 The Company executed a limitation of liability contract with Mr. Michio Yoneda that limits his liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act (the “Limitation of Liability Contract”). When he is reappointed to Outside Corporate Auditor of the Company, the Company will continue the Limitation of Liability Contract.

6 The Company entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3(1) of the Companies Act., to cover damages and dispute costs such as litigation costs, lawyer fees, and arbitration/settlement costs (including those arising in connection with lost shareholder derivative suits and claims for damages from the Company) that should be legally borne by the insured. If the candidate is elected as a Corporate Auditor, he will be covered by the insurance contract, and the Company plans to renew the insurance contract with the same content during his term of office.

**No. 4. To determine remuneration for granting restricted stock to Directors (excluding Outside Directors).**

The amount of remuneration, etc. for Directors of the Company was approved as an amount not to exceed 1.0 billion yen per annum at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006.

As part of revisions to the officer remuneration plan, the Company proposes to pay new remuneration for granting restricted stock to Directors of the Company (excluding Outside Directors; hereinafter “Eligible Directors”), separately from the above remuneration amount, in order to provide Eligible Directors with incentives to continually enhance the corporate value of the Company and promote further shared value with shareholders.

Under this proposal, the remuneration paid in order to grant restricted stock to Eligible Directors shall be monetary claims, and the total amount thereof shall be an amount not to exceed 400 million yen per annum, which is an amount considered appropriate in view of the above objective. In addition, the specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors.

At present, there are twelve Directors (including four Outside Directors). If Proposal No. 2 “To elect twelve Directors” is approved and passed as originally proposed, there will be twelve Directors (including four Outside Directors).

In addition, Eligible Directors shall pay all monetary claims paid to them under this proposal as property contributed in kind, and shall receive shares of common stock of the Company through issuance or disposal, pursuant to a resolution of the Board of Directors of the Company, and the total number of shares of common stock of the Company to be issued or disposed of in this way shall not exceed 1,000,000 shares per annum (however, if, on or after the date this proposal is approved and passed, a stock split (including a gratis allotment of common stock of the Company) or a reverse stock split is conducted in regard to the Company’s common stock, or if other circumstances arise that necessitate an adjustment to the total number of shares of common stock of the Company to be issued or disposed of as restricted stock, the Company shall adjust the total number of shares within a reasonable range).

Furthermore, the amount of monetary claims to be paid per share shall be an amount determined by the Board of Directors within a range that will not be a particularly advantageous amount for the Eligible Director who will receive the common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day before the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding trading day). In addition, the issuance or disposal of common shares of the Company in this way and the payment of monetary claims as property contributed in kind in exchange for them are subject to the conclusion of a restricted stock allotment agreement (hereinafter the “Allotment Agreement”) between the Company and Eligible Directors containing the following content. In addition, the upper limit of remuneration, the total number of shares of common stock of the Company to be issued or disposed of, and other conditions for granting restricted stock to Eligible Directors under this proposal have been determined taking into account the above objective, the Company’s

business conditions, the policies and procedures for determining compensation of the Company's senior management and Directors (if this proposal is approved and passed, such policies will be amended as described in the below "Reference" section so that they will be consistent with the approved content), and other various circumstances, and are therefore considered reasonable.

[Overview of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors shall not be able to transfer, create security interests on, or otherwise dispose of (hereinafter "transfer restrictions") common stock of the Company received by allotment under the Allotment Agreement (hereinafter the "Allotted Shares"), for a period from the date of payment to the time immediately after retiring from the positions of Directors and Executive Officers not concurrently serving as Directors at the Company (hereafter the "transfer restriction period").

(2) Treatment upon resignation

If an Eligible Director resigns from the position of Director and Executive Officer not concurrently serving as a Director at the Company prior to the end of a period predetermined by the Board of Directors of the Company (hereinafter the "service provision period"), the Company shall automatically acquire the Allotted Shares for the service provision period without consideration, excluding cases when the resignation is due to the end of his or her term, death, or other justifiable reason.

(3) Removal of transfer restrictions and acquisition without consideration

On the condition that the Eligible Director continuously served as a Director or Executive Officer not concurrently serving as a Director at the Company during the service provision period, the Company shall remove transfer restrictions on all Allotted Shares when the transfer restriction period ends. However, (i) if the Eligible Director 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 the service provision period owing to a justifiable reason, or (ii) if the Eligible Director 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 the service provision period but before the end of the transfer restriction period for any reason other than justifiable cause, the Company may reasonably adjust the number of Allotted Shares from which to remove transfer restrictions and the timing of the removal of transfer restrictions, as necessary.

In addition, the Company shall automatically acquire without consideration any Allotted Shares whose transfer restrictions have not been removed immediately after the removal of transfer restrictions in accordance with the above provisions. Moreover, if the Board of Directors finds that the Eligible Director has fulfilled certain conditions defined in the Allotment Agreement, such as materially violating laws and regulations, internal rules, or the Allotment Agreement, the Company may acquire, without consideration, all or part of Allotted Shares including those whose transfer restrictions have been removed.

(4) Treatment in case of organizational restructuring, etc.

The provisions of the above item (1) notwithstanding, if, during the transfer restriction period, a merger agreement where the Company will be the merged company, share exchange agreement or share transfer plan where the Company will become a wholly owned subsidiary, or other item related to organizational restructuring, etc. is approved at a general meeting of shareholders of the Company (however, this shall be the Board of Directors of the Company if the organizational restructuring, etc. does not require approval by the general meeting of shareholders of the Company), the Company shall, by a resolution of the Board of Directors of the Company, remove transfer restrictions ahead of the effective date of the organizational restructuring, etc. on a reasonably determined number of Allotted Shares, taking into consideration the period from the start date of the transfer restriction period to the approval date of the organizational restructuring, etc. In addition, in cases provided for above, the Company shall automatically acquire without consideration any Allotted Shares whose transfer restrictions have not been removed immediately after the removal of transfer restrictions.

(5) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.

**(Reference)**

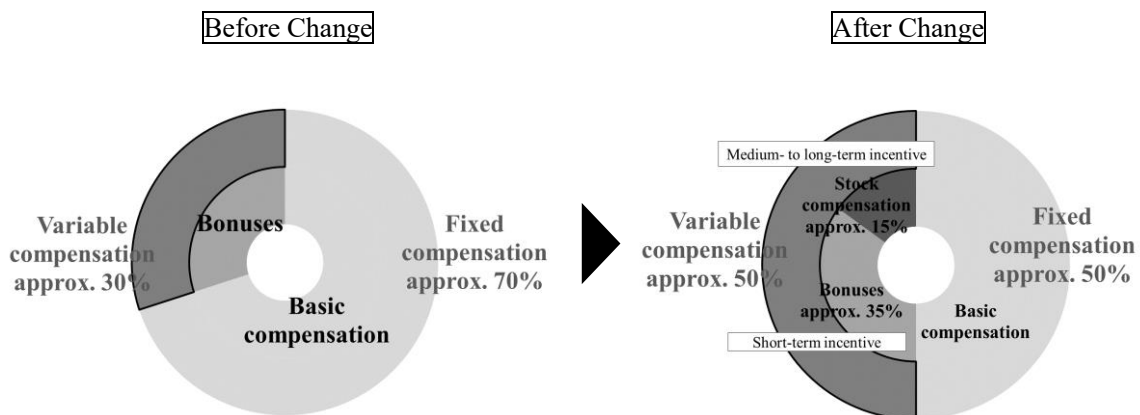
**Policies and procedures for determining compensation of senior management and Directors**

**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 of the Corporate Business Plan (FY2022-2024) is achieved, the remuneration of Directors (excluding Outside Directors) shall be designed so that the ratio of fixed compensation to variable compensation is approximately 1 to 1 and the ratio of short-term incentives (Bonuses) to medium- to long-term incentives (Stock Compensation) in variable compensation is 7 to 3.

<Illustration of composition of remuneration of Directors (excluding Outside Directors)>

Remuneration composition when the performance target in the Corporate Business Plan is achieved



\* Based on the target of FY2019-FY2021 Corporate Business Plan

\* Based on the target of FY2022-FY2024 Corporate Business Plan

## 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>

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

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

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

<Overview of restricted stock compensation plan>

(i) Transfer restriction period

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

(ii) 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.

(iii) Conditions of 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 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.



**(Reference)**

Expertise and experience of Directors and Corporate Auditors (to be complete after the close of the 141st Ordinary General Meeting of Shareholders)

	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
<b>Directors:</b>									
Masakazu Tokura	○	○		○					
Keiichi Iwata	○	○		○					
Noriaki Takeshita		○		○		○			
Masaki Matsui		○				○			
Kingo Akahori		○	○	○					
Nobuaki Mito		○	○						○ (intellectual property)
Hiroshi Ueda		○	○						○ (IT/DX)
Hiroshi Niinuma					○		○	○	
Hiroshi Tomono	○		○		○				
Motoshige Itoh				○					○ (international economics) ○ (IT/DX)
Atsuko Muraki					○		○	○	
Akira Ichikawa	○			○	○				
<b>Corporate Auditors:</b>									
Kunio Nozaki				○		○			
Hiroaki Yoshida		○		○				○	
Mitsuhiro Aso				○	○			○	
Yoshitaka Kato				○		○		○	
Michio Yoneda	○				○				○ (financial markets)

\* The above table shows up to three of the major areas of each person's expertise and experience with ○.

**(Reference)**

**Criteria for Designation of Independent Directors & Auditors** (Revised June 23, 2015)

1. These criteria set conditions for designation of the Company's Outside Directors & Auditors (meaning Outside Directors and Outside Corporate Auditors) as "Independent Directors & Auditors" defined in the listing rules of stock exchanges in Japan.
2. If none of the conditions given in (1) to (9) below applies, a person, in principle, shall be considered to have no material interest in the Company and may be designated as Independent Directors & Auditors.

The person

- (1) Is an executor of business, i.e. someone who executes business of the Company or a company of the Company's Group (a Director (other than Outside Director), an executive officer, or an employee (by whatever name, someone having an employment relationship with the Company or with the company of the Group)).
- (2) Is an executor of business who executes business of a major client or business partner of the Company. The "a major client or business partner" means any of the following.
  - (a) A vendor providing products or services to the Company, or a customer to which the Company is providing products or services, of which the total amount of such transactions in the fiscal year nearest to the time of intended designation as an Independent Directors & Auditors exceeds 2% of their total sales or exceeds 2% of the Company's nonconsolidated sales, respectively.
  - (b) A financial institution providing loans to the Company, of which the total amount of the loans at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the Company's total nonconsolidated borrowings; provided that, even if the amount does not exceed 2%, a financial institution indicated as a lender to the Company on annual securities reports, business reports or other public documents shall be considered "a major business partner."
- (3) A consultant, certified public accountant, attorney or other expert receiving remuneration from the Company in addition to the remuneration payable to the Company's Directors, Officers, Etc., of which the total amount of the remuneration paid, other than the remuneration payable to the Company's Directors, Officers, Etc., in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 10 million yen; provided that, even if the amount does not exceed 10 million yen, the person shall be considered a recipient of a substantial amount of remuneration if it exceeds 50% of that person's annual income.
- (4) A person who works for an organization that is a consulting firm, tax accounting firm, law office, other corporate body, partnership, etc., whose sales to the Company in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the organization's total sales or 10 million yen, whichever is larger.
- (5) A shareholder of the Company whose share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the shareholder entity.

- (6) Of the companies in which the Company holds shares, an entity in which the Company's share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the entity.
  - (7) A person who works for an auditing firm that conducts statutory audits of the Company.
  - (8) A person to whom (1) above was applicable in the past or to whom any of (2) to (7) above was applicable in the past one year or equivalent period.
  - (9) A spouse or a close relative (second-degree relative or closer) of a person to whom any of the following applies.
    - (a) A person listed in (1) to (7) above.
    - (b) A person who, in the past year or equivalent period, was an executor of business of the Company or a company of the Company's Group. If an outside Corporate Auditor is to be designated as Independent Directors & Auditors, a Director not executing business or an accounting advisor (including its employees who are to perform relevant specific duties if the accounting advisor is a body corporate).
    - (c) In (a) and (b) above, "an executor of business" shall mean a person executing an important business at a company or a business partner, i.e. a Director having business execution functions, an Executive Officer or an employee having a position of department manager, its equivalent or above, and shall not include persons below the position of department manager or its equivalent.
    - (d) The above (a) notwithstanding, a person who "works for an organization" in (4) above shall not include a person who is neither an executor of important business in the organization nor, if the organization is an auditing firm, law office or other organization specializing in accounting or law, etc., a person who has specialized qualifications, such as a certified public accountant and attorney.
    - (e) The above (a) notwithstanding, a person who "works for an auditing firm" in (7) above shall include neither a person who is not an executor of important business in the firm nor a person who does not have specialized qualifications, such as a certified public accountant.
3. Even where the conditions set forth in 2. above do not apply, if there are circumstances that, in the judgment of the Company, sufficiently indicates any of Outside Directors & Auditors being incapable of performing his or her duties as Independent Directors & Auditors, that particular Outside Directors & Auditors shall not be designated as Independent Directors & Auditors.
  4. With respect to an Outside Directors & Auditors whom the Company intends to designate as Independent Directors & Auditors in accordance with the foregoing, the Company shall, upon his or her written consent, designate that Outside Directors & Auditors as Independent Directors & Auditors, and shall make notification thereof to the stock exchanges on which the Company is listed. Prior to making the notification, the matter shall be reported to the Board of Directors and the Board of Corporate Auditors.

## **Business Report**

(April 1, 2021 - March 31, 2022)

### **1. Overview of the Company Group**

#### **(1) Business Progress and Results**

With the rapid spread of the Omicron variant of COVID-19 since the end of last year, the surge in prices of natural resources and the supply chain disruptions stemming from Russia's invasion of Ukraine, and the sudden rise in inflation, mainly in the U.S., the growth momentum of the world economy during the period leveled off, but the recovery continued. In Japan, too, while there was growing concern about an economic downturn, the economy moderately recovered, and annual real GDP turned positive compared to the prior year.

Against this backdrop, the Sumitomo Chemical Group has been implementing its Corporate Business Plan (for fiscal 2019 - fiscal 2021), centered on the basic policies of accelerating the development of next-generation businesses, improving productivity through digital innovation, raising the sophistication of the company's business portfolio, and building a more robust financial structure. The Group has come together in working to create a sustainable society and to deliver sustainable growth through dramatic growth in productivity and acceleration of innovation.

As a result, the Sumitomo Chemical Group's sales revenue for the period increased by ¥478.3 billion compared to the prior year, to ¥2,765.3 billion. In terms of profits and losses, core operating income<sup>(Note)</sup> was ¥234.8 billion, operating income was ¥215.0 billion, and net income attributable to owners of the parent was ¥162.1 billion, all higher than the results from the previous year. The Company's non-consolidated sales amounted to ¥797.4 billion, and net income was ¥61.7 billion.

Note: "Core operating income" is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit of investments accounted for using the equity method.

The Company has decided to pay a year-end dividend of ¥14 per share. As a result, the Company's annual dividend for fiscal 2021 is ¥24 per share, including an interim dividend of ¥10 per share.

#### **Financial Results by Business Segment**

##### **Petrochemicals & Plastics**

(Note) Sumitomo Chemical has changed the name of its Petrochemicals & Plastics Sector to "Essential Chemicals & Plastics Sector" as of April 1, 2022.

Although the segment's consolidated financial results for fiscal 2021 were adversely affected by a shutdown for periodic maintenance at the company's Chiba Works, market conditions for synthetic resins, synthetic fibers, and a variety of industrial chemicals improved, and margins also improved, due to a recovery in demand as well as an increase in raw material prices. Therefore, sales revenue increased by ¥253.2 billion, to ¥842.5 billion, and core operating income recovered by ¥65.5 billion, to ¥53.5 billion, compared with the previous year, when the shipment volumes decreased due to the periodic shutdown maintenance for Rabigh Refining and Petrochemical Company, our equity method investee, and due to the impact of the COVID-19 pandemic mainly on demand for

automotive use.

#### Energy & Functional Materials

Shipments of separators for lithium-ion secondary batteries performed well. Market prices for aluminum and for the metal raw materials for cathode materials increased, resulting in higher selling prices. For the previous fiscal year, shipments had been lower, mainly for automotive use, due to the COVID-19 pandemic. As a result, sales revenue increased by ¥71.1 billion to ¥316.4 billion from the previous year, while core operating income at ¥20.1 billion was almost flat, because of a decline in margins resulting from a rise in raw material prices in the second half of the fiscal year.

#### IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased, driven by growing demand for these items. Besides, shipments of materials for display applications increased in the face of stay-at-home demand and telework demand continued from the previous year. Thereby sales revenue increased by ¥41.9 billion to ¥473.7 billion, and core operating income increased by ¥18.1 billion to ¥57.8 billion from the previous year.

#### Health & Crop Sciences

Shipments of crop protection products in North America, South America and India stayed firm. Market prices of methionine (feed additives) increased from the previous year. Sales revenue consequently increased by ¥50.8 billion from the previous year, to ¥473.8 billion, and core operating income increased by ¥10.7 billion from the previous year, to ¥42.3 billion.

#### Pharmaceuticals

In North America, Orgovyx™ (therapeutic agent for advanced prostate cancer), which was launched in the previous fiscal year, and Gemtesa® (therapeutic agent for overactive bladder) and Myfembree® (therapeutic agent for uterine fibroids), both of which commenced sales in the fiscal year under review, as well as the recording of a lump-sum upfront payment for the collaboration and license agreement for joint development and commercialization, contributed to sales revenue. These more than offset the negative impact of sales declines for drugs such as Latuda® (atypical antipsychotic agent) and Brovana® (therapeutic agent for chronic obstructive pulmonary disease), the latter of which saw its exclusive marketing period expire. On the other hand, in Japan, sales revenues were adversely affected by the National Health Insurance (NHI) drug price revisions.

As a result, sales revenue increased by ¥45.3 billion from the previous year, to ¥591.7 billion. Core operating income declined by ¥10.0 billion compared to the previous fiscal year, to ¥61.7 billion, despite an increase in sales revenue, attributable to a significant increase in selling, general and administrative expenses associated with the launch of new products.

#### Others

In addition to the above five segments, the Sumitomo Chemical Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses increased by ¥16.1 billion from the previous year, to ¥67.2 billion, and core operating income increased by ¥3.0 billion from the previous year, to ¥15.8 billion.

#### Capital Expenditures

In the fiscal year under review, the Companies' capital expenditures totaled ¥119.5 billion, which includes investments for new installations and the expansion of

manufacturing facilities as well as renovations and rationalization of existing facilities.

Major facilities completed in the fiscal year under review include the expansion of the Company's Photoresist Quality Assurance System maintenance in the IT-related Chemicals Sector. In addition, the introduction of the Company's next-generation core business system "SAP S/4 HANA" was completed in the fiscal year under review.

Major facilities under construction in the fiscal year under review include the following: the introduction of the Company's high-efficiency gas turbine as part of rationalization in the Petrochemicals & Plastics Sector; the new installation of the Company's calcination demonstration facilities for cathode materials and the new installation and expansion of a domestic subsidiary's new multiplant in the Energy & Functional Materials Sector; the new installation of an overseas subsidiary's photoresist manufacturing facilities in the IT-related Chemicals Sector; the new construction of the Company's manufacturing plant for nucleic acid drug and manufacturing plant for small molecule drugs in the Health & Crop Sciences Sector; and the new construction of the Company's research sites as part of their reorganization and the new construction and expansion of a domestic subsidiary's power plant in the Others Sector.

### **Financing**

To respond to financing needs during the fiscal year under review, the Company raised funds, primarily via borrowings from banks and the issue of corporate bonds. As a result, the balance of borrowings (including corporate bonds) decreased by ¥0.6 billion from the previous fiscal year, to ¥1,350.5 billion.

## (2) Issues to be Addressed

### Sumitomo Chemical's Vision

With our origins in overcoming the environmental issue of smoke pollution at the Besshi copper mine and increasing crop yields, we have unceasingly pioneered new technology and transformed our businesses while supporting abundant lifestyles for people through our businesses for over 100 years since our founding.

Sumitomo has a traditional concept: "Harmony between the individual, the nation and society" (Sumitomo manifests this concept by seeking to benefit not only its own business, but also both the nation and society). The Company has embodied this business spirit and created both economic value and social value in an integrated manner.

In recent years, the awareness of not only climate change but also other sustainability issues such as ecosystem conservation and health promotion has been growing all over the world. We define this as Green Transformation (GX) in a broad sense and consider it as an opportunity for our own transformation and contribution to society. Going forward, we aim to contribute to solving social issues through our business by transforming our business portfolio from the perspective of GX over the long term.

### Corporate Business Plan from FY2019 to FY2021: Summary

During the period of the Core Business Plan from FY2019 to FY2021, there were major changes in the business environment, including COVID-19. Amid such circumstances, the Group carried out the improvement of its business foundation through company-wide projects and other measures, while taking proactive steps regarding the business challenges identified at the start of the Corporate Business Plan, such as the acquisition of post-Latuda® candidates through a strategic alliance with Roivant Sciences, Ltd., the acquisition of a South American agricultural chemical business from Nufarm Ltd., and the end of the completion guarantee for the Rabigh Phase II project financing. These efforts paved the way for growth.

Furthermore, business results steadily grew over the past three years, and in FY2021, net income attributable to owners of the parent reached a record high. In view of this, we decided to pay a record high dividend of ¥24 per share.

Financial results and financial indicators for FY2019 to FY2021

(Billions of yen)

Item	FY2019	FY2020	FY2021	Financial indicators	FY2019	FY2020	FY2021
Sales revenue	2,225.8	2,287.0	2,765.3	ROE (%)	3.2	4.7	14.5
Core operating income	132.7	147.6	234.8	ROI (%)	2.4	2.8	6.6
Operating income (IFRS)	137.5	137.1	215.0	D/E ratio (times)	0.9	0.9	0.8
Net income attributable to owners of the parent	30.9	46.0	162.1	Dividend (yen)	17	15	24
Naphtha price (yen/KL)	42,900	31,300	56,900				
Exchange rate (yen/US\$)	108.70	106.10	112.39				

### Corporate Business Plan from FY2022 to FY2024: Company-wide Policies

The slogan for the new Corporate Business Plan remains unchanged from the previous Corporate Business Plan's "Change and Innovation," and the sub-slogan was set to be "with the Power of Chemistry."

We will maximize the "power" of chemistry by combining our greatest strength in the diversity of businesses, technologies, geographies and people with growth opportunities presented by changes in the environment surrounding the Company, such as sustainability and digital innovation.

Under this slogan, we will thoroughly practice ROI-oriented management and

implement company-wide projects to strengthen individual businesses, transform the business portfolio based on GX, and boost business metabolism, and aim to establish our competitive superiority.

The basic policies are as follows:

- 1) Further improve business portfolio (strengthen and reform businesses)  
We will further improve our business portfolio by actively investing in fields related to environmental impact reduction with GX perspectives and expanding investment in high-performance materials such as semiconductor and battery materials.
- 2) Improve financial standing  
We will aim for debt to equity ratio of 0.7 times by the end of FY2024 through thorough practice of ROI-oriented management, more selective investment, and the enhancement of cashflow generation capabilities.
- 3) Accelerate the development of next-generation businesses  
We will aim to accelerate research and development and achieve early commercialization in the four priority areas of environment, healthcare, food, and ICT by utilizing the innovation foundation developed during the period of the previous Corporate Business Plan.
- 4) Fulfilling obligations and contributions toward carbon neutrality  
Toward the realization of carbon neutrality, we will make efforts in terms of both “obligations” to bring our GHG emissions closer to zero through fuel conversion and other measures, and “contributions” to society’s GHG reduction through products and technologies that contribute to reducing environmental impact.
- 5) Improve productivity and strengthen businesses through digital innovation  
In addition to continuing the efforts made to improve productivity under the previous Corporate Business Plan, we will strengthen the competitiveness of existing businesses by implementing measures such as the strengthening of customer contact points. We will also aim to develop DX talent.
- 6) Employ, develop and leverage human resources for sustainable growth  
We will pursue the recruitment and development of talent, our most important management resource, from a long-term perspective while strengthening engagement.
- 7) Ensure full and strict compliance and maintain safe and stable operations  
We will reinforce the principle of “Making safety our first priority” to maintain and improve safe and stable operations and strive to ensure thorough compliance.

#### **Management targets for FY2024**

Sales revenue is projected to increase compared to FY2021, with higher sales in the Health & Crop Sciences Sector, the IT-related Chemicals Sector and the Energy & Functional Materials Sector.

Core operating income is projected to increase to ¥300.0 billion compared to FY2021. We forecast that profit for petrochemical products will decline due to worsening terms of trade, while there will be higher shipments of energy and functional materials, IT-related chemicals and other high-performance materials, as well as overseas crop protection products. With respect to pharmaceuticals, we also aim to increase profit by offsetting the drop in sales due to the end of the exclusive license to sell our main product Latuda® in North America through the sales of new products acquired during the period of previous Corporate Business Plan.

With regard to financial indicators such as ROE and ROI, we strive to achieve the numerical values we have set as our goals by 2024.



Corporate Business Plan from FY2022 to FY2024: Financial performance targets

(Billions of yen)

Item	FY2021	FY2024 Targets	Indicators	FY2021	FY2024 Targets	Medium- to long-term targets: Stably achieve the below
Sales revenue	2,765.3	3,050.0	ROE	14.5%	11.7%	10% or higher
Core operating income	234.8	300.0	ROI	6.6%	7.2%	7% or higher
Operating income (IFRS)	215.0	285.0	D/E ratio	0.8 times	0.7 times	approx. 0.7 times
Net income attributable to owners of the parent	162.1	150.0	Dividend payout ratio	24.2%	approx. 30%	approx. 30%
Naphtha price (yen/KL)	56,900	50,000				
Exchange rate (yen/US\$)	112.39	110.00				

**Corporate Business Plan from FY2022 to FY2024: Initiatives by Sector**

The action plans of each sector under the Corporate Business Plan are as follows.

**Essential Chemicals & Plastics**

We will transform our business portfolio with GX in focus, developing carbon-neutral technologies such as material recycling and chemical recycling and accelerating their deployment into society. We will also expand the licensing and catalyst business and strengthen profitability.

With respect to the Saudi Arabia business, we will continue to aim for stable operations, regarding it as a so-called cash cow.

The name of the Petrochemicals & Plastics Sector was changed to the Essential Chemicals & Plastics Sector in April 2022:  
 The new name signifies our strong determination to reform our business under the mission of continuing to provide essential chemical products and technologies that meet the demands of the times facing major turning points, including carbon neutrality in 2050. The new name also signifies the idea that this sector is essential not only for society but also for the Group, as the technologies such as catalysts and production processes that the Petrochemicals & Plastics Sector has accumulated over many years are indispensable for the Company, which operates in the CO<sub>2</sub> emitting chemical industry, to contribute to carbon neutrality.

**Energy & Functional Materials**

We will concentrate our resources into battery materials and super engineering plastics as growth businesses under the Corporate Business Plan. We will capitalize on high-level safety and long life of separators for lithium-ion secondary batteries to meet diversifying customer needs. For cathode materials, we aim to commercialize a high-productivity calcination process. On the other hand, we will determine directions for low-profit businesses, including cutback and withdrawal.

In addition, we will push forward the development of new technologies such as solid-type batteries and separation membrane as next-generation businesses.

#### IT-related Chemicals

In the display-related materials business, we will develop and launch materials for next-generation displays while further increasing the share of high-value-added products such as polymer OLED display materials that utilize our core technology.

In the semiconductor-related materials business, we will develop and expand sales of advanced materials for silicon semiconductors that support innovations in customer processes, while steadily capturing expanding demand. We also aim to commercialize next-generation power device materials for compound semiconductors that contribute to solving social issues such as energy saving.

Furthermore, in order to develop new businesses, we will focus on developing materials compatible with next-generation high-speed communication and high-sensitivity image sensors while actively collaborating with external parties.

#### Health & Crop Sciences

We will differentiate ourselves from competitors by leveraging our strengths in product groups with low environmental impact such as biorationals and botanicals. For the chemical crop protection product group, we will concentrate our efforts on maximizing sales of the new large-scale fungicide INDIFLIN while developing and launching products that focus on reducing environmental impact.

Furthermore, while strengthening the supply chain that has expanded due to business acquisitions in South America, we aim to steadily secure investment returns and improve capital efficiency.

R&D efforts will focus our resources on business areas where we have strengths and aggressively utilize open innovations.

#### Pharmaceuticals

Our priority is to establish an earnings base following the end of the exclusive license to sell Latuda® in North America. For Orgovyx™ (therapeutic agent for advanced prostate cancer) and Myfembree® (therapeutic agent for uterine fibroids), we will reduce business risk and maximize drug potential through our partnership with Pfizer Inc. For Gemtesa® (therapeutic agent for overactive bladder), we will pursue cost synergies by utilizing the Group's sales base in sales and distribution. We aim for higher sales than Latuda® with these new products.

In addition, with a view to medium- to long-term growth, we will focus on the creation of new products in the psychoneurotic field as well as regenerative and cellular medicines and further strengthen the CDMO (contract development and manufacturing organization) business, which has growth potential.

**(3) Assets and Income**

## 1) Trends in assets and income of the Group

Item	The 138th term (April 1, 2018 to March 31, 2019)	The 139th term (April 1, 2019 to March 31, 2020)	The 140th term (April 1, 2020 to March 31, 2021)	The 141st term (April 1, 2021 to March 31, 2022)
<b>IFRS</b>				
Sales revenue (Billions of yen)	2,318.6	2,225.8	2,287.0	2,765.3
Core operating income (Billions of yen)	204.3	132.7	147.6	234.8
Net income attributable to owners of the parent (Billions of yen)	118.0	30.9	46.0	162.1
Basic earnings per share	72.17 yen	18.91 yen	28.16 yen	99.16 yen
ROE	12.3%	3.2%	4.7%	14.5%
Equity attributable to owners of the parent (Billions of yen)	998.7	924.0	1,019.2	1,218.1
Total equity (Billions of yen)	1,351.9	1,392.6	1,482.1	1,702.0
Total assets (Billions of yen)	3,171.6	3,654.1	3,990.3	4,308.2

NOTE: In connection with the confirmation in the 140th period of provisional accounting procedures relating to the business combination that took place in the 139th Fiscal Period, retrospective adjustments have been made to figures for the 139th period.

## 2) Trends in assets and income of the Company

Item	The 138th term (April 1, 2018 to March 31, 2019)	The 139th term (April 1, 2019 to March 31, 2020)	The 140th term (April 1, 2020 to March 31, 2021)	The 141st term (April 1, 2021 to March 31, 2022)
<b>Japanese GAAP</b>				
Net sales (Billions of yen)	723.6	678.4	646.0	797.4
Ordinary income (Billions of yen)	73.7	28.9	38.1	68.5
Net income (Billions of yen)	67.0	22.8	41.7	61.7
Net income per share	40.96 yen	13.94 yen	25.52 yen	37.76 yen
Net assets (Billions of yen)	350.3	315.5	346.2	368.8
Total assets (Billions of yen)	1,496.4	1,577.2	1,729.7	1,740.1

**(4) Principal Businesses (as of March 31, 2022)**

Business sector	Key products and businesses
Petrochemicals & Plastics	Synthetic resins, raw materials for synthetic fibers, various industrial chemicals, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina products, aluminum, specialty chemicals, additives, dyestuffs, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, semiconductor processing materials, compound semiconductor materials, touchscreen panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household and public hygiene insecticides, materials for protection against tropical diseases, feed additives, pharmaceutical chemicals, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

- NOTES: 1 Aside from the above, as “Others”, the Group supplies electric power and steam, designs chemical plants/supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis/environmental analysis, etc.
- 2 The name of the Petrochemicals & Plastics Sector was changed to the Essential Chemicals & Plastics Sector on April 1, 2022.

**(5) Principal Business Locations** (as of March 31, 2022)

1) The Company

Head offices	Tokyo, Osaka
Branch offices	Tokyo, Osaka, Nagoya Branch Office, Fukuoka Branch Office
Plants	Ehime Works, Chiba Works, Osaka Works, Ohe Works (Ehime), Oita Works, Misawa Works (Aomori)
Research laboratories	Industrial Technology & Research Laboratory (Osaka), Environmental Health Science Laboratory (Osaka), Advanced Materials Development Laboratory (Ibaraki), Bioscience Research Laboratory (Osaka)

NOTES: 1 The Company changed the location of its head office from “27-1, Shinkawa 2-chome, Chuo-ku, Tokyo” to “7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo” on November 10, 2021.

2 Oita Works includes Okayama Plant and Gifu Plant.

3 Research laboratories are shown as corporate research facilities. There also exist business sector research laboratories, such as the Health & Crop Sciences Research Laboratory (Hyogo), etc. In addition, the name of the Petrochemicals Research Laboratory was changed to the Essential Chemicals Research Laboratory on April 1, 2022.

2) Material subsidiaries

Domestic	Sumitomo Dainippon Pharma Co., Ltd. (Osaka, Tokyo, Mie, Oita) Tanaka Chemical Corporation (Fukui, Osaka) Koei Chemical Co., Ltd. (Chiba, Tokyo) Taoka Chemical Co., Ltd. (Osaka, Hyogo, Ehime)
Overseas	United States Sumitomo Chemical America, Inc. Valent U.S.A. LLC Valent BioSciences LLC Sunovion Pharmaceuticals Inc. Sumitomo Dainippon Pharma Oncology, Inc. Sumitovant Biopharma, Inc. Myovant Sciences, Inc. Spirovant Sciences, Inc.
	Brazil Sumitomo Chemical do Brasil Representações Ltda Sumitomo Chemical Brasil Indústria Química S.A.
	Chile Sumitomo Chemical Chile S.A.
	United Kingdom Cambridge Display Technology Limited
	Switzerland Urovant Sciences GmbH Myovant Sciences GmbH Enzyvant Therapeutics GmbH Altavant Sciences GmbH
	India Sumitomo Chemical India Limited
	Singapore Sumitomo Chemical Asia Pte Ltd The Polyolefin Company (Singapore) Pte. Ltd.
	South Korea Dongwoo Fine-Chem Co., Ltd. SSLM Co., Ltd.
	Taiwan Sumika Technology Co., Ltd.
	China XUYOU Electronic Materials (Wuxi) Co., Ltd. Sumika Electronic Materials (Wuxi) Co., Ltd.

NOTE: Sumitomo Dainippon Pharma Co., Ltd. changed its trade name to Sumitomo Pharma Co., Ltd., and Sumitomo Dainippon Pharma Oncology, Inc. changed its trade name to Sumitomo Pharma Oncology, Inc. on April 1, 2022.

**(6) Status of material subsidiaries (as of March 31, 2022)**

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumitomo Chemical America, Inc.	USD 510,092 thousand	100.00	Investment in related companies in the United States and sale of chemical products
Valent U.S.A. LLC	USD 242,574 thousand	100.00 (100.00)	Development and sale of plant protection, etc.
Valent BioSciences LLC	USD 129,344 thousand	100.00 (100.00)	Research, development, manufacture and sale of biorational
Sumika Polymers America Corp.	USD 222,544 thousand	100.00 (100.00)	—
Sumitomo Chemical do Brasil Representações Ltda	BRL 2,320,990 thousand	100.00	Development, promotion and sales of crop protection chemicals, feed additives and household & public hygiene insecticides
Sumitomo Chemical Brasil Indústria Química S.A.	BRL 793,289 thousand	100.00 (100.00)	Manufacture and sale of crop protection chemicals
CDT Holdings Limited	GBP 187,511 thousand	100.00	Investment in Cambridge Display Technology Limited
Cambridge Display Technology Limited	GBP 183,716 thousand	100.00 (100.00)	R&D and licenses in polymer organic light emitting diodes and devices
Dongwoo Fine-Chem Co., Ltd.	KRW 288,176 million	100.00	Manufacture and sale of process chemicals for semiconductors and displays, optical functional films, touchscreen panels, etc.
SSLM Co., Ltd.	KRW 280,000 million	100.00	Manufacture and sale of heat-resistant separators
Japan-Singapore Petrochemicals Co., Ltd.	JPY 23,877 million	79.67	Investment in Petrochemical Corporation of Singapore (Pte.) Ltd.
Sumitomo Dainippon Pharma Co., Ltd.	JPY 22,400 million	51.78	Manufacture and sale of pharmaceuticals
Sumitomo Dainippon Pharma America, Inc.	USD 2,170,480 thousand	100.00 (100.00)	Investment in related companies in the United States
Sunovion Pharmaceuticals Inc.	USD 1,710,032 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Sumitomo Dainippon Pharma Oncology, Inc.	USD 380,484 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Sumitovant Biopharma Ltd.	USD 702,026 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Sumitovant Biopharma, Inc.	USD 127,384 thousand	100.00 (100.00)	Management of affiliated companies conducting research and development of pharmaceuticals

Company name	Capital	Ratio of voting rights (%)	Principal business
Myovant Sciences Ltd.	USD 650,467 thousand	52.75 (52.75)	Investment in affiliated companies conducting research and development of pharmaceuticals
Myovant Sciences, Inc.	USD 141,896 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Myovant Sciences GmbH	USD 669,112 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Urovant Sciences Ltd.	USD 307,902 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Urovant Holdings Limited	USD 787,893 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Urovant Sciences GmbH	USD 792,607 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Enzyvant Therapeutics Ltd.	USD 411,277 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Enzyvant Therapeutics Holdings Limited	USD 198,812 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Enzyvant Therapeutics GmbH	USD 165,321 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Altavant Sciences Ltd.	USD 111,614 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Altavant Sciences Holdings Limited	USD 111,434 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Altavant Sciences GmbH	USD 111,153 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Spirovant Sciences, Inc.	USD 85,842 thousand	100.00 (100.00)	Research and development of pharmaceuticals
XUYOU Electronic Materials (Wuxi) Co., Ltd.	RMB 1,115,757 thousand	98.00 (55.00)	Manufacture and sale of optical functional films
Sumika Electronic Materials (Wuxi) Co., Ltd.	RMB 1,276,517 thousand	100.00 (10.00)	Processing and sale of optical functional films
Sumika Technology Co., Ltd.	TWD 4,417 million	84.96	Manufacture and sale of original fabrics and processed products of optical functional films

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumitomo Chemical Asia Pte Ltd	USD 150,565 thousand	100.00	Manufacture and sale of petrochemical products, etc. and supervision of the Sumitomo Chemical Group in the Southeast Asia, India, and Oceania area
The Polyolefin Company (Singapore) Pte. Ltd.	USD 51,690 thousand	70.00 (70.00)	Manufacture and sale of low-density polyethylene and polypropylene
Sumitomo Chemical Chile S.A.	USD 86,358 thousand	100.00	Sale, etc. of crop protection chemicals and feed additives
Tanaka Chemical Corporation	JPY 9,155 million	50.46	Manufacturing and sale of positive electrode materials for rechargeable batteries and positive electrode material precursors, etc.
Sumitomo Chemical India Limited	INR 2,745,881 thousand	75.00	Development and sales of crop protection products, household & public hygiene insecticides and feed additives, and manufacturing of crop protection chemicals
Koei Chemical Co., Ltd.	JPY 2,343 million	56.34 (0.45)	Manufacture and sale of pharmaceutical and crop protection related chemicals and functional chemicals, etc.
Taoka Chemical Co., Ltd.	JPY 1,572 million	51.38 (0.78)	Manufacture and sale of fine chemicals, functional materials, resin additives, etc.

From the fiscal year under review, Sumitovant Biopharma, Inc. and Spirovant Sciences, Inc. are listed as material subsidiaries.

Sumika Polymers America Corp. made investment in Phillips Sumika Polypropylene Company, which has been dissolved.

Enzyvant Therapeutics General Ltd., which was listed in the previous fiscal year, has ceased to exist as it merged with Enzyvant Therapeutics Ltd.

- NOTES: 1 Figures contained in parentheses ( ) for ratio of voting rights are the ratio of voting rights held by subsidiaries of the Company.
- 2 Capital for Sumitomo Chemical America, Inc., CDT Holdings Limited, Cambridge Display Technology Limited, Sumitomo Dainippon Pharma America, Inc., Sunovion Pharmaceuticals Inc., Sumitomo Dainippon Pharma Oncology, Inc., Sumitovant Biopharma Ltd., Sumitovant Biopharma, Inc., Myovant Sciences Ltd., Myovant Sciences, Inc., Myovant Sciences GmbH, Urovant Sciences Ltd., Urovant Holdings Limited, Urovant Sciences GmbH, Enzyvant Therapeutics Ltd., Enzyvant Therapeutics Holdings Limited, Enzyvant Therapeutics GmbH, Altavant Sciences Ltd., Altavant Sciences Holdings Limited, Altavant Sciences GmbH, and Spirovant Sciences, Inc. are shown as paid-in capital.
- 3 Sumitomo Dainippon Pharma Co., Ltd. changed its trade name to Sumitomo Pharma Co., Ltd., Sumitomo Dainippon Pharma America, Inc. changed its trading name to Sumitomo Pharma America, Inc., and Sumitomo Dainippon Pharma Oncology, Inc. changed its trade name to Sumitomo Pharma Oncology, Inc. on April 1, 2022.



**(7) Employees** (as of March 31, 2022)

1) Employees of the Group

Business category	Number of employees (Persons)	Notes
Petrochemicals & Plastics	4,536	
Energy & Functional Materials	3,016	
IT-related Chemicals	7,822	
Health & Crop Sciences	7,532	
Pharmaceuticals	7,784	
Others	2,674	
Companywide shared	1,339	
Total	34,703	The number of employees decreased by 40 persons year- on-year.

- NOTES: 1 The number of employees does not include employees who are temporary, part-time, contracted, or seconded outside of consolidated subsidiaries.  
2 The name of the Petrochemicals & Plastics Sector was changed to the Essential Chemicals & Plastics Sector on April 1, 2022

2) Employees of the Company

Number of employees	Average age	Average years of employment	Notes
persons		years	
6,488	41.2	15.4	The number of employees increased by 211 persons year- on-year.

- NOTE: The number of employees does not include employees who are temporary, part-time, contracted, or seconded to other companies.

**(8) Primary sources of borrowings and amounts** (as of March 31, 2022)

Source of borrowing	Amount of borrowing (Balance) (Billions of yen)
Sumitomo Mitsui Banking Corporation	85.6
The Norinchukin Bank	54.1
Sumitomo Mitsui Trust Bank, Limited	46.1
Development Bank of Japan Inc.	44.3
MUFG Bank, Ltd.	44.2

- NOTES: 1 The amount of borrowing listed above includes loans from overseas subsidiaries of the sources.  
2 Aside from the above, there are 290.9 billion yen in borrowings as syndicated loans, managed by financial institutions such as the Sumitomo Mitsui Banking Corporation.

## 2. Status of Shares (as of March 31, 2022)

- (1) **Total number of shares authorized to be issued** 5,000,000,000 shares
- Total number of shares outstanding** 1,655,446,177 shares  
(including 20,474,797 shares of the Company's treasury shares)
- (2) **Number of shareholders** 167,270 persons
- (3) **Major shareholders**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	257,083	15.72
Custody Bank of Japan, Ltd. (Trust account)	96,934	5.92
Sumitomo Life Insurance Company	71,000	4.34
Nippon Life Insurance Company	41,031	2.50
Custody Bank of Japan, Ltd. (Master trust for the Sumitomo Mitsui Trust Bank and trust account for retirement benefits for Sumitomo Life Insurance Company)	29,000	1.77
Custody Bank of Japan, Ltd. (Trust account 4)	28,264	1.72
STATE STREET BANK WEST CLIENT - TREATY 505234	27,651	1.69
JP MORGAN CHASE BANK 385771	24,789	1.51
Sumitomo Chemical Employee Stock Ownership Plan	23,997	1.46
Sumitomo Mitsui Banking Corporation	23,073	1.41

NOTE: The Company's treasury shares (20,474,797 shares) were excluded in the calculation of the percentage of shares held.

### 3. Company Officers

#### (1) Directors and Corporate Auditors (as of March 31, 2022)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	Chairman of KEIDANREN (Japan Business Federation)
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Petrochemicals & Plastics Sector, Business Development for a Circular System for Plastics Deputy Chairman of Rabigh Refining and Petrochemical Company
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Masaki Matsui	Supervision of IT-related Chemicals Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Kingo Akahori	Supervision of Energy & Functional Materials Sector Representative Director and President of Kaseihin Kaikan Co., Ltd.
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Nobuaki Mito	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC
Director (Concurrently serving as Executive Vice President)	Hiroshi Ueda	Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Concurrently serving as Senior Managing Executive Officer)	Hiroshi Niinuma	Supervision of General Affairs, External Relations, Legal, Human Resources
Director (Outside Director, Independent Officer)	Koichi Ikeda	Senior Alumni of Asahi Group Holdings, Ltd.

Position	Name	Areas of responsibility and significant concurrent positions
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Senior Adviser of NIPPON STEEL CORPORATION Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated
Director (Outside Director, Independent Officer)	Motoshige Itoh	Professor, Faculty of International Social Sciences, Gakushuin University Outside Director of East Japan Railway Company Outside Director of THE SHIZUOKA BANK, LTD. Outside Corporate Auditor of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Member of the Board of ITOCHU Corporation
Standing Corporate Auditor	Kunio Nozaki	
Standing Corporate Auditor	Hiroaki Yoshida	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney External Director of Sumitomo Mitsui Trust Holdings, Inc.
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Mitsui Fudosan Co., Ltd. Outside Corporate Auditor of Sumitomo Corporation
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Michio Yoneda	Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Toyo Tire Corporation

- NOTES:
- 1 Of the Directors, Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki are Outside Directors.
  - 2 Of the Corporate Auditors, Mr. Mitsuhiro Aso, Mr. Yoshitaka Kato, and Mr. Michio Yoneda are Outside Corporate Auditors.
  - 3 The Company has designated Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, Mr. Mitsuhiro Aso, Mr. Yoshitaka Kato, and Mr. Michio Yoneda as Independent Directors / Auditors pursuant to the regulations of the Tokyo Stock Exchange, Inc. and has made notification to said Exchange.
  - 4 Corporate Auditor Mr. Yoshitaka Kato is qualified as a certified public accountant, and has a significant amount of knowledge regarding finance and accounting.
  - 5 Of the significant concurrent positions served by Outside Directors and Outside Corporate Auditors, although The Kansai Electric Power Company, Incorporated, ITOCHU Corporation, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Corporation, and Toyo Tire Corporation have transactions with the Company, there are no special interests with the Company, and there are no transactional relationships with any other

parties served as significant concurrent positions.

6 Directors who retired in the fiscal year under review are as follows.

Position at time of retirement	Name	Areas of responsibility and significant concurrent positions at time of retirement
Director (Concurrently serving as Senior Managing Executive Officer)	Takashi Shigemori	Supervision of Corporate Planning, IT Innovation

(Retired on June 23, 2021 because of the expiration of the term of office.)

7 Positions, areas of responsibility and significant concurrent positions for Directors and Corporate Auditors as of April 1, 2022 are as follows.

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	Chairman of KEIDANREN (Japan Business Federation)
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Essential Chemicals & Plastics Sector, Business Development for a Circular System for Plastics Deputy Chairman of Rabigh Refining and Petrochemical Company
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Masaki Matsui	Supervision of IT-related Chemicals Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Kingo Akahori	Supervision of Energy & Functional Materials Sector Representative Director and President of Kaseihin Kaikan Co., Ltd.
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Nobuaki Mito	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC

Position	Name	Areas of responsibility and significant concurrent positions
Director (Concurrently serving as Executive Vice President)	Hiroshi Ueda	Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Concurrently serving as Executive Vice President)	Hiroshi Niinuma	Supervision of General Affairs, External Relations, Legal, Human Resources
Director (Outside Director, Independent Officer)	Koichi Ikeda	Senior Alumni of Asahi Group Holdings, Ltd.
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Senior Adviser of NIPPON STEEL CORPORATION Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated
Director (Outside Director, Independent Officer)	Motoshige Itoh	Outside Director of East Japan Railway Company Outside Director of THE SHIZUOKA BANK, LTD. Outside Director of JX Nippon Mining & Metals Corporation Outside Corporate Auditor of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Member of the Board of ITOCHU Corporation
Standing Corporate Auditor	Kunio Nozaki	
Standing Corporate Auditor	Hiroaki Yoshida	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney External Director of Sumitomo Mitsui Trust Holdings, Inc.
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Mitsui Fudosan Co., Ltd. Outside Corporate Auditor of Sumitomo Corporation

Position	Name	Areas of responsibility and significant concurrent positions
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Michio Yoneda	Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Toyo Tire Corporation

## (2) Compensation to Directors and Corporate Auditors

### 1) Policies and procedures for determining compensation of senior management and Directors

#### (A) Basic policy for remunerations of Directors, etc.

- i. The remunerations of senior management and directors (hereinafter “Directors etc.”) shall consist of Basic Compensation and Bonuses.
- ii. Basic Compensation is designed to serve as an incentive for the actions of Directors, etc. to contribute to the Company’s sustainable growth, rather than aiming for short-term or sub-optimal effects.
- iii. The amount of Bonuses shall largely reflect the Company's consolidated financial results for a fiscal year in order to heighten incentive to achieve the annual target of the business plans.
- iv. The remuneration shall be set at levels which are designed to be objectively competitive to attract and retain outstanding talent while taking into consideration such factors as the scale and content of the Company’s business. Based on surveys by a third-party organization and other materials, such levels shall be checked annually whether or not to be objectively appropriate.

#### (B) Mechanisms of each remuneration element (Please refer to the following conceptual diagram of the Remunerations of Directors.)

##### i. Basic Compensation

The level of Basic Compensation shall be determined based on the policy described in section (A) iv. 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 “company’s size,” “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 “company’s size,” 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.

##### ii. Bonuses

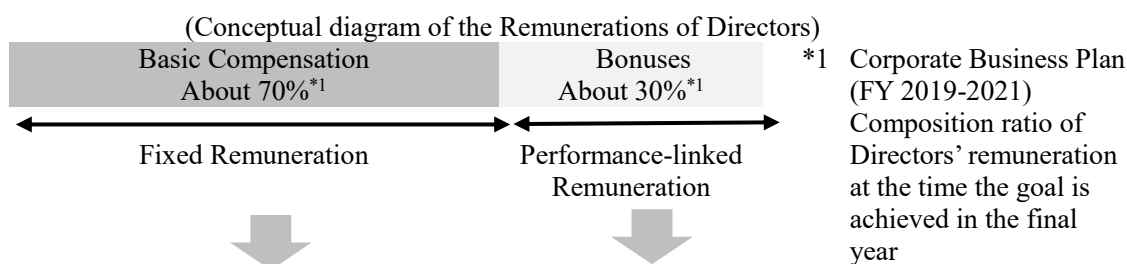
Bonuses shall be paid on the condition that performance for that fiscal year exceeds a particular level and shall be determined based on the bonus calculation formula (performance indicator×coefficient).

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.

##### iii. Percentages of fixed remuneration (Basic Compensation) and performance-linked remuneration (Bonuses)

The Company will design the bonus calculation formula so that the bonuses of Directors (excluding Outside Directors) accounts for roughly 30% of the remuneration when the consolidated performance goal (core operating income) for the latest fiscal year of the Corporate Business Plan (fiscal years 2019 to 2021) is achieved.





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
Company's Size	Sales revenue
	Total assets
	Market capitalization
Earnings Capacity	Current income (attributable to the parent company)
	ROE
	ROI
	D/E ratio
Outside Evaluations	Credit ratings
	ESG index selected by GPIF

The amount of bonuses will be determined by the calculation formula based on the following consolidated performance indicator.

Consolidated Performance Indicator	Core operating income plus Financial profit and loss			
Calculation Formula	consolidated performance indicator	×	coefficient*2	

\*2 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.

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

(C) 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 Directors, etc., levels of remuneration, and other matters incidental thereto. Composed mainly of Outside Officers, the Committee shall advise the Board of Directors about the remuneration system for Directors, etc., 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 General Meeting of Shareholders held on June 23, 2006 (i.e., 1.0 billion yen or less per year).

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. To ensure objectivity and transparency in the process of determining remuneration of Directors, the Remuneration Advisory Committee, authorized by the Board

of Directors, determines individual remuneration for each Director, etc., in accordance with the policies for determining compensation of senior management and Directors. The Board of Directors, therefore, has concluded that the content of individual remuneration is in line with the determination policies. The Remuneration Advisory Committee consists of Representative Directors and Outside Directors, and the majority of the members are Outside Directors. The structure of the Remuneration Advisory Committee for the fiscal year under review is as follows:

Masakazu Tokura (Representative Director, Chairman)  
 Keiichi Iwata (Representative Director, President)  
 Koichi Ikeda (Outside Director)  
 Hiroshi Tomono (Outside Director)  
 Motoshige Itoh (Outside Director)  
 Atsuko Muraki (Outside Director)

## 2) Total amount of compensation to Directors and Corporate Auditors for the fiscal year under review

Category of Directors	Number of persons	Total amount of compensation	Total amount of compensation by type	
			Basic Compensation (fixed remuneration)	Bonuses (performance-linked remuneration)
Directors (Of which, Outside Directors)	13 persons (4 persons)	839 million yen (80 million yen)	588 million yen (60 million yen)	252 million yen (20 million yen)
Corporate Auditors (Of which, Outside Corporate Auditors)	5 persons (3 persons)	120 million yen (42 million yen)	120 million yen (42 million yen)	-
Total	18 persons	959 million yen	708 million yen	252 million yen

- NOTES: 1. The above number of persons and amount of compensation includes one Director who retired during the fiscal year under review.
2. Due to a resolution by a General Meeting of Shareholders, the total amount of compensation for Directors is 1.0 billion yen or less per annum, and the total amount of compensation for Corporate Auditors is 150.00 million yen or less per annum (resolved at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006). The numbers of Directors and Corporate Auditors as of the close of the 125th Ordinary General Meeting of Shareholders are ten and five, respectively.
3. The performance indicator for the fiscal year under review which determined the actual value of bonuses (performance-linked remuneration) is ¥270.9 billion.

## (3) Outline of the directors and officers liability insurance

The Company entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3(1) of the Companies Act., to cover damages and dispute costs such as litigation costs, lawyer fees, and arbitration/settlement costs (including those arising in connection with lost shareholder derivative suits and claims for damages from the Company) that should be legally borne by the insured. The insured covered by the insurance contract includes Directors, Corporate Auditors, and Executive Officers. In addition, as a measure to prevent the insured's proper execution of duties from being hindered, the insurance contract includes a provision regarding deductibles and provides that damages that do not reach a certain amount shall not be covered. There are also certain exclusions, such as no coverage for any damage caused by criminal acts and acts performed by the insured with the knowledge that they are in violation of laws and regulations.

**(Reference)**

Executive Officers (excluding persons concurrently serving as Directors) are as follows.

(As of April 1, 2022)

Position	Name	Areas of responsibility
Senior Managing Executive Officer	Takashi Shigemori	Supervision of Corporate Planning, IT Innovation
Managing Executive Officer	Marc Vermeire	Engaged in Sumitomo Chemical Agro Europe, Sumitomo Chemical Europe
Managing Executive Officer	Keiichi Sakata	Engaged in Sumitomo Chemical Asia
Managing Executive Officer	Motoyuki Sakai	In charge of Inorganic Materials Div., Specialty Chemicals Div., Advanced Polymers Div., Battery Materials Div.
Managing Executive Officer	Seiji Takeuchi	In charge of Planning & Coordination Office, Essential Chemicals & Plastics Sector, Responsible Care Dept., Essential Chemicals & Plastics Sector, Basic Materials Div., Industrial Chemicals Div., Essential Chemicals Research Laboratory
Managing Executive Officer	Naoyuki Inoue	Supervision of Procurement, Logistics
Managing Executive Officer	Keigo Sasaki	Supervision of Corporate Communications, Accounting, Finance
Managing Executive Officer	Kenji Ohno	Supervision of Sustainability, Internal Control and Audit, In charge of Legal Dept., General Manager of Internal Control & Audit Dept.
Managing Executive Officer	Shinichiro Nagata	In charge of Ehime Works, General Manager of Ehime Works
Managing Executive Officer	Yoshizumi Sasaki	In charge of Business Development Office for a Circular System for Plastics, Resin-related Business Development Dept., Polyolefins Div, Automotive Materials Div, MMA Div.
Managing Executive Officer	Ichiro Kosaka	In charge of Planning & Coordination Office, Energy & Functional Materials Sector, Quality Assurance Office, Energy & Functional Materials Sector

Position	Name	Areas of responsibility
Managing Executive Officer	Takanari Yamaguchi	In charge of Research Planning & Coordination Dept., Digital and Data Science Innovation Dept., Intellectual Property Dept., Industrial Technology & Research Laboratory, Advanced Materials Development Laboratory
Managing Executive Officer	Hirokazu Murata	In charge of Oita Works, Misawa Works, General Manager of Oita Works
Managing Executive Officer	Koichi Ogino	In charge of Chiba Works, General Manager of Chiba Works
Managing Executive Officer	Juan Ferreira	Work related to South American businesses of the Health & Crop Sciences Sector and Valent U.S.A.
Managing Executive Officer	Shinsuke Shojima	In charge of AgroSolutions Div. – International, Animal Nutrition Div.
Executive Officer	Akira Iwasaki	In charge of Planning & Coordination Office, Energy & Functional Materials Sector, Quality Assurance Office, Energy & Functional Materials Sector
Executive Officer	Inho Rha	Engaged in Dongwoo Fine-Chem
Executive Officer	Akira Nakanishi	In charge of Planning & Coordination Office, IT-related Chemicals Sector, Electronic Materials Div.
Executive Officer	Masao Shimizu	In charge of Human Resources Dept., Osaka Office Administration Dept., General Manager of Human Resources Dept., General Manager of Osaka Office Administration Dept.
Executive Officer	Hiroaki Fujimoto	In charge of AgroSolutions Div.- Japan
Executive Officer	Kanako Fukuda	Engaged in Sumitomo Chemical Europe
Executive Officer	Hiroyoshi Mukai	In charge of Planning & Coordination Office, Health & Crop Sciences Sector, Quality Assurance Office, Health & Crop Sciences Sector
Executive Officer	Takanori Ito	In charge of Process & Production Technology & Safety Planning Dept., Production & Safety Fundamental Technology Center, Responsible Care Dept.

Position	Name	Areas of responsibility
Executive Officer	Yoshihiro Ino	In charge of IT Innovation Dept., General Manager of IT Innovation Dept.
Executive Officer	Tetsuo Takahashi	In charge of Planning & Coordination Office, Essential Chemicals & Plastics Sector, General Manager of Planning & Coordination Office, Essential Chemicals & Plastics Sector
Executive Officer	Tomoyuki Hirayama	In charge of General Affairs Dept., External Relations Dept., General Manager of External Relations Dept.
Executive Officer	Satoshi Honda	In charge of Planning & Coordination Office, IT-related Chemicals Sector, Quality Assurance Office, IT-related Chemicals Sector
Executive Officer	Takeo Kitayama	In charge of Corporate Planning Office, General Manager of Corporate Planning Office
Executive Officer	Noriaki Oku	Engaged in Rabigh Refining and Petrochemical Company
Executive Officer	Junpei Tsuji	In charge of Research Planning & Coordination Office, General Manager of Research Planning & Coordination Office
Executive Officer	Toshihiro Yamauchi	In charge of Accounting Dept., General Manager of Accounting Dept.

#### 4. Outside Officers

##### (1) Main activities during the fiscal year under review

Title	Name	Main activities
Outside Director	Koichi Ikeda	Mr. Koichi Ikeda is expected to mainly oversee management and provide advice from an experienced management perspective. He attended all 13 Board of Directors meetings held during the fiscal year under review and actively made statements from such perspective. Specifically, he provided oversight and advice based on an extensive view on overall management by making use of his expertise, regarding agenda items such as business strategies for core businesses, global management, important investments, and management of listed subsidiaries. He also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
	Hiroshi Tomono	Mr. Hiroshi Tomono is expected to mainly oversee management and provide advice from an experienced management perspective. He attended all 13 Board of Directors meetings held during the fiscal year under review and actively made statements from such perspective. Specifically, he provided advice by making use of his technical expertise and provided oversight based on an extensive view on overall management, regarding agenda items such as important investments, business strategies for core businesses, and risk management. He also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
	Motoshige Itoh	Mr. Motoshige Itoh is expected to oversee management and provide advice by making use of his expert knowledge of economics, etc. and his wealth of experience from his track record as a member of various government deliberative committees. He attended all 13 Board of Directors meetings held during the fiscal year under review and actively made statements based on such knowledge and experience. Specifically, he provided management oversight and advice based on an extensive view on overall management by making use of his expertise, regarding agenda items such as global management, digital transformation, and sustainability. He also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
	Atsuko Muraki	Ms. Atsuko Muraki is expected to oversee management and provide advice by making use of her wealth of experience and extensive knowledge mainly in legal, social and other issues, especially her expertise in human resources, deriving from her employment at administrative bodies as a civil servant. She attended all 13 Board of Directors meetings held during the fiscal year under review and actively made statements based on

		such experience, knowledge, and expertise. Specifically, she provided management oversight and advice based on an extensive view on overall management by making use of her expertise, regarding agenda items such as utilization of human resources and organizational revitalization, corporate governance, and sustainability. She also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
Outside Corporate Auditor	Mitsuhiro Aso	Mr. Mitsuhiro Aso is expected to conduct audits by making use of his expertise and experience as a lawyer and his wealth of insight and advanced knowledge regarding corporate risk management and crisis management, and to express opinions regarding corporate management and corporate governance considerations. He attended all 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans.
	Yoshitaka Kato	Mr. Yoshitaka Kato is expected to conduct audits by making use of his advanced expertise, wealth of experience and advanced knowledge in corporate accounting, finance, and corporate auditing operations as a certified public accountant, and to express opinions regarding corporate management and corporate governance considerations. He attended 12 out of 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans.
	Michio Yoneda	Mr. Michio Yoneda is expected to conduct audits by making use of his abundant experience and advanced knowledge in capital markets and business management that he has accumulated in financial and securities market management and stock exchange management, and to express opinions regarding corporate management and corporate governance considerations. He attended all 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans.

**(2) Summary of the limitation of liability contracts**

The Company has concluded limitation of liability contracts with each Outside Officer that limit their liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act, provided that the execution of duties by Outside Officers were in good faith and without gross negligence.



## 5. Policy for Decisions on the Distribution of Surplus

In decision on the distribution of surplus, the Company views shareholder return as one of the most important management issues, and in comprehensive consideration of factors such as business results for each term, the dividend payout ratio, and standards for internal reserves required for future business expansion, the Company's basic policy is to continue providing stable dividends. Furthermore, over the mid- to long-term, the Company aims to achieve a stable dividend payout ratio of approximately 30%.

The Company plans to utilize internal reserves for capital investment and other loans and investments with the intent of improving competitiveness in significant businesses and enriching overseas business, utilizing these in an effort to improve profitability.

Dividends are generally provided twice per year at the interim and year-end, and to flexibly implement dividends such as profit distribution to shareholders, the Company's Articles of Incorporation state that the body to determine dividends, etc., shall be the Board of Directors.

(Reference)

The Company's "Corporate Governance Guidelines" set forth the following policy regarding strategic holdings.

- The Company holds strategic 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.
- 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.
- 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.

Based on this policy, the Company annually checks the rationality of continuing to hold its individual strategic holdings at meetings of the Board of Directors. As a result of such process, the number of listed stocks held by the Company was 103 as of March 31, 2015, but since then the Company subsequently sold stocks, and the number of listed stocks held at the end of the fiscal year under review became 50.

The strategic holdings (including unlisted stocks and deemed holdings) held at the end of the fiscal year under review account for 17.2% of total equity in the Group's consolidated statement of financial position.

# Consolidated Financial Statements

## Consolidated Statement of Financial Position

			(Millions of Yen)		
Assets	141st term (As of March 31, 2022)	(Reference) 140th term (As of March 31, 2021)	Liabilities	141st term (As of March 31, 2022)	(Reference) 140th term (As of March 31, 2021)
<b>Current assets:</b>	<b>1,812,642</b>	<b>1,584,471</b>	<b>Current liabilities:</b>	<b>1,173,491</b>	<b>1,090,692</b>
Cash and cash equivalents	365,429	360,918	Bonds and borrowings	261,280	250,389
Trade and other receivables	720,422	652,616	Trade and other payables	551,583	522,887
Other financial assets	23,991	12,814	Other financial liabilities	84,137	55,913
Inventories	651,358	511,529	Income taxes payable	24,515	38,410
Other current assets	51,442	46,552	Provisions	129,709	106,968
Subtotal	1,812,642	1,584,429	Other current liabilities	122,267	116,125
Assets held for sale	-	42	<b>Non-current Liabilities:</b>	<b>1,432,683</b>	<b>1,417,443</b>
<b>Non-current assets:</b>	<b>2,495,509</b>	<b>2,405,783</b>	Bonds and borrowings	1,089,190	1,100,677
Property, plant and equipment	823,022	793,500	Other financial liabilities	101,718	81,117
Goodwill	244,517	220,295	Retirement benefit liabilities	33,091	37,179
Intangible assets	471,109	450,172	Provisions	36,502	25,115
Investments accounted for using equity method	289,968	243,803	Deferred tax liabilities	101,299	101,854
Other financial assets	474,899	528,826	Other non-current liabilities	70,883	71,501
Retirement benefit asset	89,538	80,455	<b>Total liabilities</b>	<b>2,606,174</b>	<b>2,508,135</b>
Deferred tax assets	49,121	41,406	<b>Equity</b>		
Other non-current assets	53,335	47,326	<b>Equity attributable to owners of the parent:</b>	<b>1,218,101</b>	<b>1,019,230</b>
			Share capital	89,699	89,699
			Capital surplus	27,089	26,882
			Retained earnings	974,382	854,538
			Treasury shares	(8,343)	(8,334)
			Other components of equity	135,274	56,445
			<b>Non-controlling interests</b>	<b>483,876</b>	<b>462,889</b>
<b>Total assets</b>	<b>4,308,151</b>	<b>3,990,254</b>	<b>Total equity</b>	<b>1,701,977</b>	<b>1,482,119</b>
			<b>Total liabilities and equity</b>	<b>4,308,151</b>	<b>3,990,254</b>

## Consolidated Statement of Profit or Loss

		(Millions of Yen)
	141st term (April 1, 2021 to March 31, 2022)	(Reference) 140th term (April 1, 2020 to March 31, 2021)
<b>Sales revenue</b>	<b>2,765,321</b>	<b>2,286,978</b>
Cost of sales	(1,891,458)	(1,515,782)
<b>Gross profit</b>	<b>873,863</b>	<b>771,196</b>
Selling, general and administrative expenses	(690,860)	(631,270)
Other operating income	10,533	26,673
Other operating expenses	(20,713)	(17,025)
Share of profit (loss) of investments accounted for using the equity method	42,180	(12,459)
<b>Operating income</b>	<b>215,003</b>	<b>137,115</b>
Finance income	59,194	19,868
Finance expenses	(23,061)	(19,180)
<b>Income before taxes</b>	<b>251,136</b>	<b>137,803</b>
Income tax expenses	(64,699)	(69,729)
<b>Net income</b>	<b>186,437</b>	<b>68,074</b>
<b>Net income attributable to:</b>		
Owners of the parent	162,130	46,043
Non-controlling interests	24,307	22,031
<b>Net income</b>	<b>186,437</b>	<b>68,074</b>

## **Consolidated Statement of Changes in Equity**

(From April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2021	89,699	26,882	854,538	(8,334)
Net income			162,130	
Other comprehensive income				
Total comprehensive income	—	—	162,130	—
Purchase of treasury shares				(9)
Disposal of treasury shares		0		0
Dividends			(31,065)	
Changes due to new consolidation			(22)	
Transactions with non-controlling interests		207		
Transfer from other components of equity to retained earnings			(11,199)	
Total transactions with owners	—	207	(42,286)	(9)
Balance at March 31, 2022	89,699	27,089	974,382	(8,343)

	Equity attributable to owners of the parent					
	Other components of equity					Equity attributable to owners of the parent
	Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations	Total	
Balance at April 1, 2021	90,590	—	(2,866)	(31,279)	56,445	1,019,230
Net income					—	162,130
Other comprehensive income	(26,231)	7,129	(5,869)	92,606	67,635	67,635
Total comprehensive income	(26,231)	7,129	(5,869)	92,606	67,635	229,765
Purchase of treasury shares					—	(9)
Disposal of treasury shares					—	0
Dividends					—	(31,065)
Changes due to new consolidation	(5)				(5)	(27)
Transactions with non-controlling interests					—	207
Transfer from other components of equity to retained earnings	18,328	(7,129)			11,199	—
Total transactions with owners	18,323	(7,129)	—	—	11,194	(30,894)
Balance at March 31, 2022	82,682	—	(8,735)	61,327	135,274	1,218,101

	Non-controlling interests	Total equity
Balance at April 1, 2021	462,889	1,482,119
Net income	24,307	186,437
Other comprehensive income	795	68,430
Total comprehensive income	25,102	254,867
Purchase of treasury shares		(9)
Disposal of treasury shares		0
Dividends	(11,192)	(42,257)
Changes due to new consolidation	(25)	(52)
Transactions with non-controlling interests	7,102	7,309
Transfer from other components of equity to retained earnings		—
Other changes		—
Total transactions with owners	(4,115)	(35,009)
Balance at March 31, 2022	483,876	1,701,977

## Non-consolidated Financial Statements

<u>Non-consolidated Balance Sheet</u>			(Millions of Yen)		
<b>Assets</b>	141st term (As of March 31, 2022)	(Reference) 140th term (As of March 31, 2021)	<b>Liabilities</b>	141st term (As of March 31, 2022)	(Reference) 140th term (As of March 31, 2021)
<b>Current assets:</b>	<b>541,984</b>	<b>551,836</b>	<b>Current liabilities:</b>	<b>509,982</b>	<b>519,149</b>
Cash on hand and in banks	9,077	43,211	Trade notes payable	1,714	2,573
Trade notes receivable	1,893	1,307	Trade accounts payable	128,706	138,334
Trade accounts receivable	228,279	197,801	Short-term borrowing	189,314	197,074
Merchandise and finished goods	159,041	143,188	Bonds due within one year	-	30,000
Work in process	1,734	261	Commercial paper	10,000	-
Raw materials and supplies	57,996	48,453	Non-trade accounts payable	87,090	67,283
Non-trade accounts receivable	69,004	93,027	Accrued expenses	12,516	11,052
Other	21,248	30,148	Deposits received	49,262	46,144
Allowance for doubtful receivables	(6,289)	(5,560)	Reserve for bonuses	13,000	10,700
			Reserve for repairs	11,312	10,024
			Reserve for removal cost of property, plant and equipment	1,519	1,364
			Other	5,549	4,601
<b>Non-current assets:</b>	<b>1,198,140</b>	<b>1,177,842</b>	<b>Non-current Liabilities:</b>	<b>861,352</b>	<b>864,295</b>
<b>Property, plant and equipment:</b>	<b>259,877</b>	<b>261,853</b>	Bonds	490,000	455,000
Buildings	47,839	45,731	Long-term borrowing due after one year	320,215	354,910
Structures	28,975	28,320	Deferred tax liabilities	19,147	28,398
Machinery and equipment	106,878	116,585	Long-term deposits received	7,284	7,324
Vehicles	301	369	Long-term advances received	9,291	11,347
Tools and furniture	9,966	9,383	Reserve for removal cost of property, plant and equipment	6,788	3,120
Land	47,679	47,696	Reserve for environmental measures	1,296	1,428
Leased assets	27	30	Reserve for repairs	1,183	539
Construction in progress	18,212	13,738	Reserve for loss on business of subsidiaries and affiliates	-	794
			Other	6,148	1,433
<b>Intangible assets:</b>	<b>24,078</b>	<b>24,265</b>	<b>Total liabilities</b>	<b>1,371,334</b>	<b>1,383,444</b>
Patent	272	393	<b>Net assets</b>		
Software	16,900	16,252	<b>Shareholders' equity:</b>	<b>341,522</b>	<b>310,859</b>
Goodwill	1,520	1,633	<b>Common stock</b>	<b>89,699</b>	<b>89,699</b>
Other	5,386	5,987	<b>Capital surplus:</b>	<b>23,698</b>	<b>23,698</b>
			Additional paid-in capital	23,695	23,695
<b>Investments and other non-current assets:</b>	<b>914,185</b>	<b>891,724</b>	Other capital surplus	2	2
Investment securities	112,109	115,496	<b>Retained earnings:</b>	<b>236,468</b>	<b>205,797</b>
Investments in subsidiaries and affiliates	416,747	415,443	Legal reserve	21,361	21,361
Investments in capital	566	660	Other retained earnings	215,107	184,436
Investments in subsidiaries and affiliates' capital	108,581	109,704	General reserve	130,000	130,000
Long-term loans receivable	166,507	150,625	Retained earnings brought forward	85,107	54,436
			<b>Treasury stock</b>	<b>(8,343)</b>	<b>(8,334)</b>
Long-term prepaid expenses	14,566	14,752	<b>Valuation and translation adjustments:</b>	<b>27,267</b>	<b>35,375</b>
Prepaid pension expense	64,859	61,566	Valuation difference on available-for-sale securities	35,640	36,608
Other	30,940	24,151	Deferred gains on hedges	(8,374)	(1,233)
Allowance for doubtful receivables	(690)	(672)	<b>Total net assets</b>	<b>368,789</b>	<b>346,234</b>
			<b>Total liabilities and net assets</b>	<b>1,740,123</b>	<b>1,729,678</b>
<b>Total assets</b>	<b>1,740,123</b>	<b>1,729,678</b>			

**Non-consolidated Statement of Income**

	(Millions of Yen)	
	141st term (April 1, 2021 to March 31, 2022)	(Reference) 140th term (April 1, 2020 to March 31, 2021)
Net sales	797,358	645,996
Cost of sales	632,668	523,985
<b>Gross profit</b>	<b>164,690</b>	<b>122,011</b>
Selling, general and administrative expenses	150,158	135,504
<b>Operating income (loss)</b>	<b>14,532</b>	<b>(13,493)</b>
Non-operating income	73,940	67,323
Interest and dividend income	49,549	58,347
Foreign exchange gain	19,458	5,042
Other income	4,933	3,934
Non-operating expenses	19,984	15,740
Interest expense	7,146	7,896
Derivative losses	6,349	–
Cost of inactive facilities	1,322	1,916
Other expenses	5,167	5,928
<b>Ordinary income</b>	<b>68,488</b>	<b>38,089</b>
Special gains	6,124	20,973
Gain on sale of investment securities	6,124	19,519
Gain on sale of non-current assets	–	1,453
Special losses	17,159	9,565
Loss on disposal of property, plant and equipment	7,257	3,276
Impairment loss	3,617	1,426
Loss on valuation of investment securities	2,498	3,111
Loss on related business	2,452	1,752
Loss on valuation of inventories	1,336	–
<b>Income before income taxes</b>	<b>57,453</b>	<b>49,497</b>
Income taxes – current	2,302	283
Income taxes – deferred	(6,585)	7,495
<b>Net income</b>	<b>61,736</b>	<b>41,719</b>

**NOTES:**

- Business report is listed as follows:
  - Fractions less than 0.1 billion yen or 1 million yen have been rounded to the nearest 0.1 billion yen or million yen.
  - Stock prices listed in units of 1,000 are shown rounded down to the nearest 1,000 shares.
- Fractions less than 1 million yen have been rounded to the nearest million yen with respect to the Consolidated Financial Statements, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity, the Non-consolidated Financial Statements, and the Non-consolidated Statement of Income.