





Fostering Trust and Confidence Supports an Abundant Future

Sumitomo Chemical aims to achieve sustained growth by creating new value. In order to continue steady growth over the long term, initiatives in human resources, responsible care, and governance are essential and indispensable. The following pages introduce various initiatives that support Sumitomo Chemical's value creation.

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Photo: Sewing Olyset™ Nets in a factory in Tanzania

Sumitomo Chemical developed Olyset™ Nets, mosquito nets to protect people from the mosquitos that transmit malaria, by using proprietary technology. The nets are supplied primarily to Africa.

Human Resource Strategy

Yasuaki Sasaki

Executive Officer



Promoting a Deepening of Global Management from the Perspective of Human Resources Initiatives and Talent Development

Based on our Corporate Business Plan, with the slogan “Change and Innovation—Create New Value,” Sumitomo Chemical’s basic human resource (HR) policy is to encourage employees to grow through carrying out rewarding and worthwhile day-to-day duties and bring about the sustainable growth of the Sumitomo Chemical Group as a strong global chemical company through their individual growth.

In order to achieve this, we are continuing to create environments and organizations that make it easy for employees to work. We are also promoting a deepening of global management from an HR perspective by enhancing various measures to secure, develop, and encourage the active participation of talents at global level, in order to develop our business while creating new value.

Due to the current technological revolution and the advance of globalization, Sumitomo Chemical’s business management has become more and more complex and sophisticated. For that reason, placing greater weight on “people,” and increasing their abilities, is the key to sustained growth for the Sumitomo Chemical Group. The HR system of Sumitomo Chemical was revised in 2017, as the company decided to design the system from the perspective of how to best encourage the development and growth of its personnel. In addition, in light of the fact that ways of thinking about careers are becoming increasingly diverse, the company is deploying systems throughout the organization to contribute to increasing employee motivation. We are including making it possible to better evaluate employees with high-level expertise, and providing detailed support for each individual’s motivation and aptitude, instead of the sort of mass management used previously.

We will not only work to appropriately operate this system in accordance with its purpose, we will continue our efforts to promote the growth and development of personnel, including implementing revisions to our training system intended to develop leadership and strengthen management in this time of intense change.

Sumitomo Chemical’s HR System

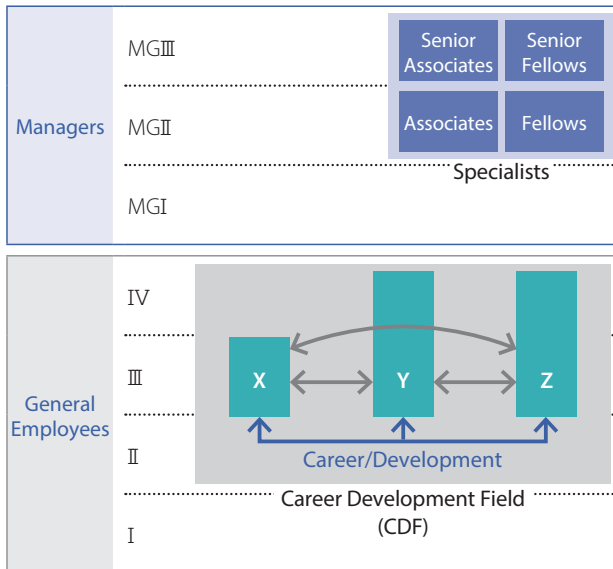
Sumitomo Chemical has implemented an HR system oriented toward duties and results, in which the treatment of each employee is based on the details of the role they fulfill, the size of their responsibilities, and the results they achieve. In order to treat employees appropriately based on their jobs in this way, we have established a system that enables employees with motivation and ability to take on the challenge of higher-level roles as soon as possible. Furthermore, this system responds to employees’ self-motivated desire to improve and grow.

In addition, our annual evaluations not only evaluate to

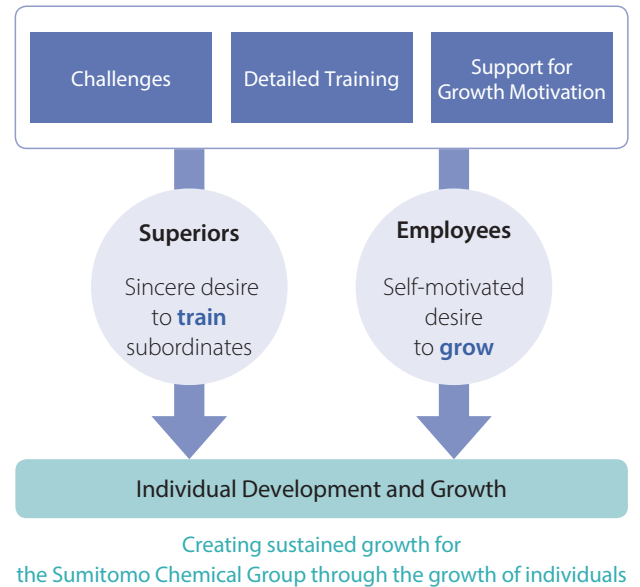
what degree individual employees were able to fulfill the expectations of their position or role, but also evaluate them in terms of the degree to which they employ the knowledge and skills required for the role they are responsible for, and the degree to which they employ their capabilities to generate results. Through this evaluation process, we have adopted a system that can promote the development and growth of each individual, without being biased toward short-term results.

The Sumitomo Chemical Group will continue to promote the growth of employees, whether inside or outside Japan, through a mindset of cultivation, working to create an environment where each employee can actively succeed.

Diagram of Sumitomo Chemical's HR System



HR System for General Employees



Key Points of the HR System

Career Development Field (CDF)

Individuals' desired careers can vary widely, so we established CDF as a way of demarcating those differences. In this way, we can conduct systematic deployment and training of individual employees in light of their desired career direction (career vision), while also further promoting their growth and development by enabling them to think proactively about their own careers.

<Implementation of CDF> Incorporating Career Visions into the System

| | |
|----------------|---|
| Field X | A career in which the employee takes on a specified role, while also working on tasks that support the maintenance and development of Sumitomo Chemical's business over the medium- to long-term. |
| Field Y | A career in which the employee works on tasks that contribute to the development of business as a professional, within a role with a defined scope. |
| Field Z | A career in which the employee works on a variety of tasks supporting things like the development of new technology and the increasing sophistication and complexity of business. |

Careers for Specialists

Under the old model of careers, it was typically assumed that section heads and department heads would be promoted from front-line roles. On the other hand, in fields such as research and development, or jobs that are becoming increasingly sophisticated and complex, we have deployed a system in which specialists are handled appropriately, in order to enable personnel with sophisticated expertise to better employ their capabilities to produce results.

Careers for Specialists

| |
|---|
| Associates |
| Associates refers to those who have particularly outstanding expert knowledge or capabilities, who are hard to replace in specific fields, and who can be expected to continue to make significant contributions in their field using that expertise |
| Fellows |
| Fellows refers to those who, among the Sumitomo Chemical researchers who have produced particularly outstanding research results on the basis of their high-level expertise, and who are also recognized for their achievements outside the company, are expected to contribute significantly to the research activities of Sumitomo Chemical in the future |

Responsible Care

Hirokazu Murata

Associate Officer, General Manager,
Responsible Care Dept.



Promoting Responsible Care Activities Rooted in Local Communities

At Sumitomo Chemical, policies and targets relating to Responsible Care are shared across the entire Group, in an effort not only to establish and maintain safe and stable operations, which is a part of the basic policy for the Corporate Business Plan, but also in an effort to ensure safety, environmental friendliness, and health throughout the lifecycle of products, and to maintain and improve the quality of the chemical products and services we deliver.

Currently, we have positioned dedicated Responsible Care personnel at regional headquarters in Europe, the Americas, China, and the wider Asia-Pacific region. This has enabled us to develop Responsible Care activities rooted in each region. Since 2016, we have set Safety Ground Rules for the entire Group as a measure to ensure safety across all Group workplaces, and notified all Group employees of them, in order to eliminate labor accidents and improve safety activities. Furthermore, we strive to ensure safety and protect the environment in these regions, and explain these efforts to our neighbors, working to deepen mutual understanding through dialogue.

As global-scale issues pile up, including the response to climate change, the creation of a circular economy, and considerations for biodiversity, we, as people engaged in the chemical industry, duly regard the society's trust in us as the starting point to continue our business. We also believe that it is the chemical industry that can deliver solutions to these issues. In order to secure the license to operate from our customers, our neighbors, and our employees, we will continue to promote Responsible Care activities throughout the Group.

Occupational Safety and Health, Industrial Safety and Disaster Prevention

Initiatives to Ensure Safety at All Group Workplaces

The Sumitomo Chemical Group aims to achieve zero labor accidents across all workplaces through safety measures. Moreover, in order to ensure safety and peace of mind for the local community, we are conducting thoroughgoing voluntary safety management. Specifically, in order to minimize the risk of damage when a natural disaster occurs, such as a large-scale earthquake, we are periodically refurbishing facilities and buildings to ensure earthquake resistance. We also aim to minimize safety risks by focusing not just on the risks hidden in regular operations, but also on risks in non-typical operations, such as when a plant undergoes an emergency stop or when it is restarted after being stopped.

Status of Dialogues with Local Communities (FY2017 – All Sumitomo Chemical Business Locations)

Number of dialogues held

40

Number of participants

Approx. **690**



A local dialogue



A tour of a plant

Environmental Protection and Addressing Global Climate Change

Toward the Creation of a Sustainable Society

Sumitomo Chemical and its major Group companies have set common goals for environmental activities, endeavoring to reduce the environmental burden of the Group as a whole. In particular, as a response to climate change, the Sumitomo Chemical Group has announced that it will set goals in accordance with the Science Based Targets (SBT) initiative, which aims to help companies set goals to voluntarily reduce greenhouse gas emissions that conform to the 2°C goal set by the Paris Agreement, and the Group has already begun working to meet those goals. Specifically, we have begun reviewing systems to promote energy-saving investments, in order to reduce greenhouse gas emissions at each plant. Moreover, starting in fiscal 2017, the Sumitomo Chemical Group began disclosing data that complies with the GHG Protocol, an international standard for greenhouse gas emission disclosure. Going forward, we will further enhance coordination between units such as plants, research facilities, and production technology departments, in an effort to accelerate technological innovations that promote reductions in greenhouse gas emissions. In addition, as it is a precious resource, we are working to reduce the amount of water we use, through effective utilization depending on the application.

Product Stewardship, Product Responsibility, and Quality Assurance

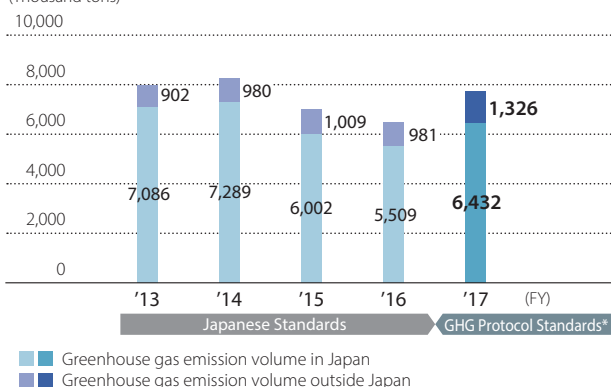
For the Safety and Peace of Mind of Our Customers

The Sumitomo Chemical Group estimates the degree of impact our chemical products have in terms of safety on people and the environment throughout their lifecycle, and promotes activities to protect people's health and the environment based on those risks. As part of its Eco First Commitments, Sumitomo Chemical is currently reassessing that the products it sells are of sufficient quality so that customers can use them safely, and publishing the results as safety summaries*. Going forward, Group companies will periodically conduct similar reviews for the products they sell, disclosing such information from a global perspective. In order to be able to deliver products and services of a quality that customers around the world can use safely, we will not only ensure that day-to-day management is conducted thoroughly, we will also continue to work to improve our products and services.

* Documents that record safety information for chemical substances

Greenhouse Gas Emission Volume

(Thousand tons)

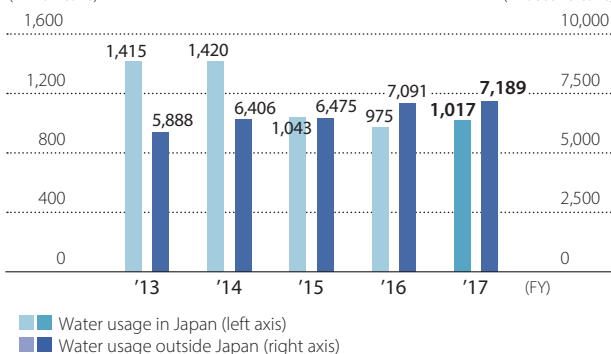


* Under GHG Protocol standards, the computation includes volumes that were not included in previous computations, including the volume of CO₂ emissions from energy use sold to other parties by the Sumitomo Chemical Group, the volume of CO₂ emissions from energy use from non-production facilities of Sumitomo Chemical itself, and the volume of CO₂ emissions from non-energy use that was excluded from the computation under the Act on Promotion of Global Warming Countermeasures.

Water Usage in Japan*1,3 / Water Usage outside Japan*2,3

(Million tons)

(Thousand tons)



*1 Consolidated total for Sumitomo Chemical and major Group companies in Japan (for production plants)

*2 Consolidated total for major Group companies outside Japan (for production plants)

*3 Water usage volume includes seawater

Eco-First Commitments



Promise Example

We will promote the management of chemical substances and the risk communications in an appropriate and proactive manner using proprietary technology.

Results

We have completed hazard assessments for all substances in our initial plan, and published **41** safety summaries.

Sumitomo Chemical has participated in the Eco-First Program of Japan's Ministry of the Environment since November 2008. As a leading company in the chemical industry, Sumitomo Chemical is committed to fulfilling its Eco-First commitments to the Japanese Minister of the Environment while ensuring legal compliance and enhancing RC activities.

Dialogue with Shareholders and Investors

Keigo Sasaki
Executive Officer



Fulfilling Our Accountability to Shareholders so that an Accurate Understanding of the Company is Properly Reflected in the Stock Price and Higher Corporate Value

The basic policy guiding Sumitomo Chemical's IR activities is to provide planned, effective, and strategic communications with shareholders and other investors regarding our management policies, business strategies, and performance trends, so as to fulfill our accountability to shareholders and maintain and raise market confidence, while endeavoring to convey an accurate understanding of the Company that will be reflected properly in the stock price and in higher corporate value.

Based on this basic policy, the president gives management strategy briefings to investors twice a year, while sector heads give a business strategy briefing to investors once yearly. In addition, the president and I, as the executive officer in charge of IR, periodically visit major shareholders and have an active dialogue with them. Moreover, since fiscal 2016 we have arranged opportunities for directors who are in charge of a sector or head-office function to meet with investors and analysts and directly exchange views. By making this effort, we seek to have our shareholders develop a deeper understanding of Sumitomo Chemical.

Furthermore, recently we have begun receiving many questions and comments about our ESG initiatives. In light of this, we are now working to ensure an even more complete disclosure of ESG information on our website and in this Annual Report. We are also working to appropriately communicate both financial and non-financial information in other IR materials, such as the Investors' Handbook.

Summary of IR Activities (Fiscal 2017)

| Briefing Sessions | Online Conferences | Investor Visits | Individual Meetings | Briefing Sessions for Individual Investors |
|----------------------|----------------------|-------------------------------|---------------------|--|
| Times held 3 | Times held 4 | Times held Overseas 44 | Number of persons | Times held 7 |
| Attendees 286 | Attendees 554 | Japan 12 | 311 | Attendees Approx. 515 |

Factory Tour



A tour of production facilities of SSLM in South Korea in March 2018

Research and Development / Intellectual Property

Research and Development

Sumitomo Chemical has established six core technologies by enhancing the technologies accumulated through a broad range of research activities over many years: Catalyst Design, Precision Processing, Organic & Polymer Material Function Design, Inorganic Material Function Design, Device Design, and Biological Mechanism Analysis. Sumitomo Chemical's fundamental R&D strategy is to produce innovative technologies and products and create value by combining these core technologies and by merging technologies inside and outside the Company through open innovation, a process we call Creative Hybrid Chemistry.

Based on its forecasts of the business environment and the economy over the medium- to long-term, we have set the fields of the environment and energy, ICT, and life sciences as areas where our company can utilize its competitive strengths, and where we can expect high growth. In addition, we believe that the cross-over areas where two or more of these three fields meet are areas where we can employ our strengths as a diversified chemical manufacturer. For this reason, we are focusing the allocation of management resources on these three areas and their cross-over areas.

Going forward, we will work to develop next-generation businesses, making maximum use of the creative possibilities of chemistry.

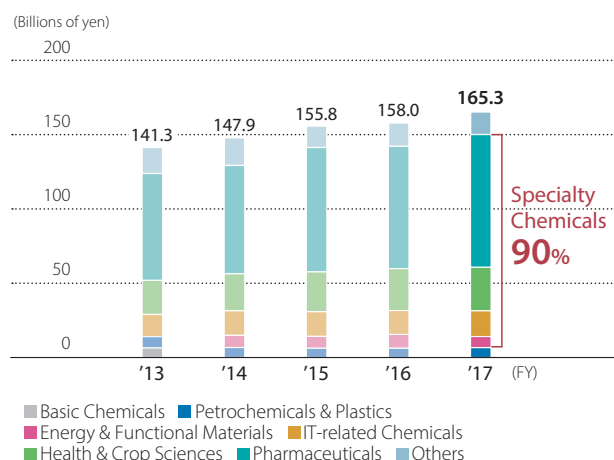
Intellectual Property

Sumitomo Chemical's intellectual property (IP) activities are aimed at contributing to the creation, maintenance, and increase of the Sumitomo Chemical Group's business value, through unified efforts by its business sectors, research laboratories, and the IP Department.

Utilizing AI technologies such as concept searches and text mining in the field of IP search and analysis, we have been improving work efficiency at the IP Department and R&D organizations.

While respecting the valid patents of third parties, we endeavor to promote our businesses strategically by acquiring and protecting "wider, stronger, faster-registered and longer-lasting" patents for the results of our research and technology development. We also endeavor to build a network of patents, not only in Japan, but also in Asia, Europe, North America, and the Middle East, and Africa. In addition, we will continue to maximize the Company's business value by effectively utilizing the patents so obtained for the businesses of Sumitomo Chemical and Group companies and further in the third-party licenses.

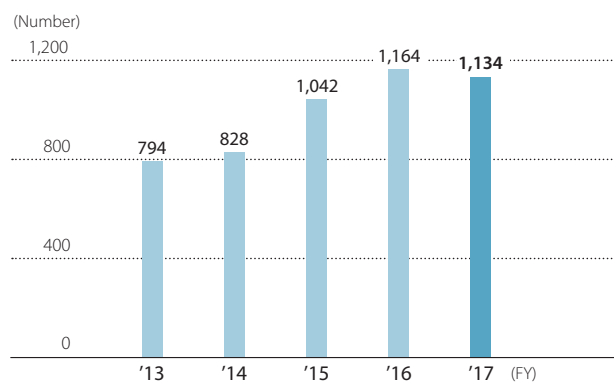
Research and Development Expenses



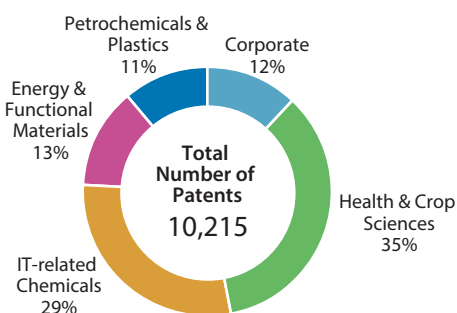
Research and Development Summary

| | (FY) | | |
|---|-------|-------|-------|
| | 2015 | 2016 | 2017 |
| Number of R&D employees | 3,831 | 4,010 | 4,034 |
| Ratio of R&D employees to all employees | 12% | 12% | 13% |
| Ratio of R&D expenses to sales revenue | 7% | 8% | 8% |

Number of Domestic Patent Applications



Number of Patents Held by Sector (as of April 2018)



Management Team



Hiroshi Niinuma
Director &
Senior Managing
Executive Officer

Kunio Nozaki
Director &
Senior Managing
Executive Officer

Noriaki Takeshita
Representative Director &
Senior Managing
Executive Officer

Toshihisa Deguchi
Representative Director &
Executive Vice President

Osamu Ishitobi
Chairman of the Board

Atsuko Muraki
Outside Director

Motoshige Itoh
Outside Director

Hiroshi Tomono
Outside Director

Koichi Ikeda
Outside Director



Masakazu Tokura
Representative Director &
President

Ray Nishimoto
Representative Director &
Senior Managing
Executive Officer

Keiichi Iwata
Representative Director &
Senior Managing
Executive Officer

Hiroshi Ueda
Director &
Senior Managing
Executive Officer

Kenya Nagamatsu
Standing
Corporate Auditor

Hiroaki Yoshida
Standing
Corporate Auditor

Mitsuhiro Aso
Outside Corporate Auditor

Yoshitaka Kato
Outside Corporate Auditor

Michio Yoneda
Outside Corporate Auditor



Governance Dialogue

Evolution of Our Corporate Governance that Supports Sustained Growth and the Improvement of Corporate Value

Masakazu Tokura
Representative Director & President

Management by Phase

Under the previous Corporate Business Plan, we strove hard, with an unwavering resolve, to improve the Company's financial strength.

Ito Sumitomo Chemical's Corporate Business Plan represents what can be called "Management by Phase," making extremely clear what the Company seeks to accomplish during the plan period. In the previous Corporate Business Plan (fiscal 2013 to 2015), it was very clear to me that Sumitomo Chemical was determined to reduce interest-bearing debt and generate greater free cash flow, and you made decisions toward this goal.

Tokura At that time, we had a strong sense of crisis. The global financial crisis occurred just after we had taken three major strategic actions, each requiring large-scale investments—first, the Rabigh Project, an undertaking intended to drastically enhance the competitiveness of our petrochemicals business; second, the launch of Sumitomo Dainippon Pharma and several major acquisitions in order to secure a critical mass in the life sciences business; and third, the establishment and expansion of the IT-related Chemicals Sector, an effort to develop new businesses that would become the Company's central pillars in the future. As a result, our financial strength rapidly declined. We became aware that if we failed to make a turnaround and

rebuild strong business foundations without delay, we would have no future. We worked to improve our financial strength with unwavering determination, taking all possible measures, from reducing working capital to more rigorously assessing investment opportunities. We built up truly small initiatives, one by one, all across the Company. When we saw our D/E ratio halved—from a peak of 1.4 to 0.7—through these efforts, we were relieved.

Ito Under the current Corporate Business Plan (fiscal 2016 to 2018), launched following these positive results, you have shifted to a more aggressive strategy.

Tokura The current Corporate Business Plan is phase two of our commitment to 'Change and Innovation.' Our strategy is that having enhanced our financial strength in phase one (fiscal 2013 to 2015), we will further improve our business portfolio in phase two, which in turn will lead to phase 3, beginning next fiscal year, and beyond.

Ito I think it is very fitting for Sumitomo Chemical to adopt a strategy of identifying areas where you have competitive advantage and focusing your resources on these fields.

Tokura We have made it clear that, rather than compete by going after scale, we will focus on areas where we can compete with technology, as well as marketing capability. Over the most recent three years, about 75% of our investment has gone to the specialty chemicals businesses.

Sumitomo Chemical has established robust operations globally in the bulk chemicals field, while also achieving strong growth in the specialty chemicals area, and is progressing steadily on the road to becoming a resilient company that is able to continue sustained growth. Since the previous Corporate Business Plan, which provided the foundations for this significant performance, Dr. Kunio Ito* has kept a close eye on the Company's strategy and the evolution of its corporate governance as a member of the Board of Directors. He spoke with Mr. Masakazu Tokura, President of Sumitomo Chemical, about corporate governance.

* Dr. Ito served as Outside Director of Sumitomo Chemical's Board for six years after his appointment in 2012, and retired in June 2018.

Kunio Ito
Outside Director



In the current Corporate Business Plan, we have achieved both a high income level and further improvement in our business portfolio.

Ito As part of your policy of 'Change and Innovation,' carried on from the previous Corporate Business Plan, you clearly express your commitment to contributing to the resolution of societal issues in the current Corporate Business Plan as well.

Tokura You have been promoting the concept of ROESG*¹. We feel that that idea of pursuing both profits and ESG is in keeping with the way we do business. The Sumitomo business philosophy—our business must not just benefit Sumitomo, but also the nation, society and the local communities where we operate—has taken root within Sumitomo Chemical. Our products provide solutions to issues in society, as those of the Energy & Functional Materials Sector help solve problems related to the environment, resources and energy, those of the Health & Crop Sciences Sector food problems, and those of the Pharmaceuticals Sector people's health. By using the power of chemistry, we strive to contribute to resolving issues facing human society and bettering people's lives. In this way, we hope to help build a sustainable society through our business activities, and thereby continue to grow in a sustainable way.

Ito I believe that Sumitomo Chemical is a company that

embodies ESG management to the core. Moreover, you are running your business in such a way that you increase capital productivity while also pursuing ESG management and the SDGs. The Energy & Functional Materials Sector*², created by carving out related products and technologies from the IT-related Chemicals Sector and the Petrochemicals & Plastics Sector, has grown significantly in just two and a half years, and the Company's business portfolio has remarkably improved.

Tokura We have a very well balanced portfolio in place, with one-third of our core operating income coming from bulk chemicals (Petrochemicals & Plastics) and two-thirds from specialty chemicals in the fiscal year that ended March 2018. While the tightened petrochemical supply and demand in Asia was a major contributing factor, the most noteworthy factor is that after 10 years of unremitting effort, we have finally achieved a high-rate operation at the Petro Rabigh plant.

Ito That is all the more heartening to me because as a member of the Board I saw for myself the Rabigh Project going through a difficult period. You have dramatically increased your ability to generate cash flow and income over the last five years, to the point where ROE is over 15% and ROI is over 7%. I think there are only a very few companies that have changed this much. These last five years, I have been greatly impressed by Sumitomo Chemical's ability to get things done.

*¹ A concept that does not see ROE and ESG as something opposing each other, but as ideas that are both important and should be pursued. Promoted by Professor Kunio Ito.

*² Please see "Change in Business Sector Classification Methods" on page 41.



Evolution in ESG Management

Continuing to improve governance, making full use of the insights of Outside Directors

Ito Sumitomo Chemical's governance is steadily getting better in a number of ways. A case in point is the initiative of addressing issues that emerge in the assessment of the effectiveness of the Board of Directors. After the Company conducts a survey evaluating the effectiveness of the Board of Directors, discussions are held on the results of the survey, and naturally, in those discussions, some specific issues are brought up that need to be addressed from the perspective of corporate governance. Sumitomo Chemical never leaves them there; it follows through and takes action for improvement by the next year. That sort of sincere attitude and the accumulation of actions over time have caused the Company's governance to evolve to where it is now.

Tokura I do not think of governance as just a system. Together with internal controls, we must deliver results through governance. To that end, we should take full advantage of a Board that has Outside Directors, because they can provide valuable, eye-opening insights from on high, from a different angle.

Ito How transparent can a company be, for example, when sharing information about an M&A project it is considering at a Board of Directors meeting where Outside Directors are present? I think the answer to this question tells you much about the Company's policy. In this respect, Sumitomo Chemical is extremely prompt in providing information, and is also very candid. Depending on circumstances, as much as several months before submitting an item to the Board for deliberation, explanations are provided in the form of "spot reports." I

am sure that explaining an M&A project, which involves a body of insider information, to the Board members several months in advance requires a certain bravery, but I never felt an attitude in this company that said "we don't have to disclose this information."

Tokura I think that if a company really wants to put corporate governance into practice in management and develop it into a competitive advantage, it should pursue that level of transparency. Otherwise, the effort won't pay off. If you want the insights of Outside Directors, it is essential that you share with them information necessary for discussion and deliberation as soon as possible. I am promoting this way of thinking throughout the Company.

Ito Another thing that I always considered impressive is that at Board of Directors meetings, you help communicate to Internal Directors what Outside Directors want to convey as well as the background of their comments, by saying, for example, "What the Outside Director meant to say is this," or, "It is a kind of encouragement. He has made that comment because he wants it to succeed." I have rarely seen this kind of thing at other companies. When we make suggestions, we have some reason for saying so. I think it is very important that you as President translate it for people within the Company.

Tokura Within the Company, we have no opportunities to see ourselves from a place a little bit further away. As a result, without knowing it, we have become a very homogenous group of people. But we have to remember that we are part of society. If we cannot take true care of the interests of our shareholders and other stakeholders and earn their understanding, in the long run we will end up unable to continue as a company.

Ito That is corporate governance in the original sense of the term.

Tokura Yes. That is why I am extremely grateful for Outside Directors' suggestions. They push us forward by telling us to take more risk and be truly aggressive when we have decided to be aggressive. They also suggest that we should not hesitate to take a step back when a problem arises after we have made a commitment. Or regarding a project we are considering, they ask us if we have carefully studied critical issues, while calling for timely reporting. Meanwhile, because our Outside Directors have their own specialized fields, from time to time their comments about our business sound so general that some of our officers or employees do not understand exactly what the Outside Directors are trying to bring home to them. For that reason, I would very much like to somehow convey the full meaning of the Outside Directors' messages to those at the Company—I am not making special efforts, but sometimes I think there is something I can add.

Ito At this year's Ordinary General Meeting of Shareholders, a certain shareholder asked about Sumitomo Chemical's corporate governance, and I answered with confidence that the Company's corporate governance has improved remarkably over the last few years. It is no exaggeration to call the changes remarkable.

Tokura I am very grateful to you for the comment. Of course, there is no end to improvement in governance. We will continue to work to make further progress, even in small steps.



Sumitomo Chemical's Future

Aiming to be a company seen as having a conglomerate premium

Ito "Creative hybrid chemistry" is an appropriate basic strategy for this company. In order to continue implementing it, I think that human resource development will become more and more important. Sumitomo Chemical has many employees who have expertise in specialized areas. In order to create something new by combining technology and expertise from different types of businesses, however, it will be necessary to develop "producer-type" personnel, people who have a broader perspective and can help make new things happen.

Tokura I think that is absolutely true. We need to develop personnel who are open-minded, always paying attention to changes and new things beyond their own specialized fields.

Ito The capital market tends to value those companies operating a variety of businesses, as Sumitomo Chemical does under the strategy of "hybrid chemistry," at a conglomerate discount. But you have successfully improved your business portfolio, and have delivered results. I do hope that Sumitomo Chemical will become a company that is valued at a premium, not at a discount.

Tokura Going forward, solutions to issues facing society will involve not just isolated businesses or products, but combinations of many different things. That is exactly what creative hybrid chemistry tries to achieve, and that is what innovation is about. And I believe that is an area where we can display our unique strengths. In the next Corporate Business Plan, we would like to aim to become a company that is valued at a conglomerate premium. Thank you very much for being with me today.

Board of Directors and Corporate Auditors

(As of July 1, 2018)

Board of Directors



Osamu Ishitobi
Chairman of the Board

1969 Joined Sumitomo Chemical Co., Ltd.
1994 General Manager, Planning & Coordination Office, Petrochemicals & Plastics Sector
1998 Director
2002 Managing Director
2003 Managing Executive Officer
2005 Director & Senior Managing Executive Officer
2006 Representative Director & Senior Managing Executive Officer
2008 Representative Director & Executive Vice President
2012 Representative Director & Executive Deputy Chairman
2014 Representative Director & Executive Chairman
2017-Chairman of the Board



Masakazu Tokura
Representative Director & President

1974 Joined Sumitomo Chemical Co., Ltd.
1998 General Manager, Planning & Coordination Office, Fine Chemicals Sector
2000 General Manager, Corporate Planning & Coordination Office
2003 Executive Officer
2006 Managing Executive Officer
2008 Representative Director & Managing Executive Officer
2009 Representative Director & Senior Managing Executive Officer
2011-Representative Director & President



Toshihisa Deguchi
Representative Director & Executive Vice President

IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center, Special Aide to President (pertaining to activities related to new technology and product development as designated by President)
1990 Joined Sumitomo Chemical Co., Ltd.
1994 STI Technology, Inc.
2006 Executive Officer
2009 Managing Executive Officer
2011 Representative Director & Managing Executive Officer
2012 Representative Director & Senior Managing Executive Officer
2017-Representative Director & Executive Vice President



Ray Nishimoto
Representative Director & Senior Managing Executive Officer

Health & Crop Sciences Sector
1980 Joined Sumitomo Chemical Co., Ltd.
2006 General Manager, Planning & Coordination Office, Agricultural Chemicals Sector
2009 Executive Officer
2011 Managing Executive Officer
2013 Representative Director & Managing Executive Officer
2015-Representative Director & Senior Managing Executive Officer
2009-Chairman, Dalian Sumika Chemphy Chemical Co., Ltd.
2010-Chairman, Vector Health International Ltd.
2013-Chairman, Valent U.S.A. LLC
2013-Chairman, Valent BioSciences LLC
2013-Chairman, Dalian Sumika Jingang Chemicals Co., Ltd.



Noriaki Takeshita
Representative Director & Senior Managing Executive Officer

Rabigh Project, Petrochemicals & Plastics Sector
1982 Joined Sumitomo Chemical Co., Ltd.
2005 Rabigh Refining and Petrochemical Company
2010 Executive Officer
2013 Managing Executive Officer
2017 Representative Director & Managing Executive Officer
2018-Representative Director & Senior Managing Executive Officer
2016-Deputy Chairman, Rabigh Refining and Petrochemical Company



Keiichi Iwata
Representative Director & Senior Managing Executive Officer

Energy & Functional Materials Sector, PLED Business Planning, Electronic Devices Development Center
1982 Joined Sumitomo Chemical Co., Ltd.
2004 General Manager, Planning & Coordination Office, IT-related Chemicals Sector
2010 Executive Officer
2013 Managing Executive Officer
2018 Senior Managing Executive Officer
2018-Representative Director & Senior Managing Executive Officer



Kunio Nozaki
Director & Senior Managing Executive Officer

Corporate Communications, Corporate Business Development, Corporate Planning, IT Innovation, Accounting, Finance
1979 Joined Sumitomo Chemical Co., Ltd.
2002 General Manager, Finance & Accounting Office
2007 Executive Officer
2009 Managing Executive Officer
2014 Senior Managing Executive Officer
2014 Representative Director & Senior Managing Executive Officer
2018-Director & Senior Managing Executive Officer
2009-President, Sumika Finance Co., Ltd.



Hiroshi Ueda
Director & Senior Managing Executive Officer

Research Planning and Coordination, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
1982 Joined Sumitomo Chemical Co., Ltd.
2006 Director, Process & Production Technology Center
2008 Associate Officer
2009 Executive Officer
2011 Managing Executive Officer
2016 Senior Managing Executive Officer
2016 Representative Director & Senior Managing Executive Officer
2018-Director & Senior Managing Executive Officer



Hiroshi Niinuma
Director & Senior Managing Executive Officer

General Affairs, Legal, CSR, Internal Control and Audit, Human Resources, Osaka Office Administration, Procurement, Logistics
1981 Joined Sumitomo Chemical Co., Ltd.
2009 General Manager, General Affairs Dept.
2010 Executive Officer
2013 Managing Executive Officer
2018 Senior Managing Executive Officer
2018-Director & Senior Managing Executive Officer
2017-Outside Director, Sumitomo Seika Chemicals Co., Ltd.



Koichi Ikeda
Director

Outside Director

1963 Joined Asahi Breweries, Ltd.
2002 Representative Director & President & COO, Asahi Breweries, Ltd.
2006 Representative Director & Chairman & CEO, Asahi Breweries, Ltd.
2010-Advisor, Asahi Breweries, Ltd. (present Asahi Group Holdings, Ltd.)
2011 Outside Corporate Auditor, Sumitomo Chemical Co., Ltd.
2015-Outside Director, Sumitomo Chemical Co., Ltd.
2015-Outside Director, Toshiba Corporation



Hiroshi Tomono
Director

Outside Director

1971 Joined Sumitomo Metal Industries, Ltd.
2005 Representative Director & President, Sumitomo Metal Industries, Ltd.
2012 Representative Director & President & COO, Nippon Steel & Sumitomo Metal Corporation
2014 Representative Director & Vice Chairman, Nippon Steel & Sumitomo Metal Corporation
2015 Director & Advisor, Nippon Steel & Sumitomo Metal Corporation
2015-Outside Director, Konica Minolta, Inc.
2015-Outside Director, Sumitomo Chemical Co., Ltd.
2015-Advisor, Nippon Steel & Sumitomo Metal Corporation
2016-Outside Director, Japan Nuclear Fuel Limited



Motoshige Itoh
Director

Outside Director

1993 Professor, Faculty of Economics, The University of Tokyo
1996 Professor, Graduate School of Economics, The University of Tokyo
2007 Dean, Graduate School of Economics, Faculty of Economics, The University of Tokyo
2015-Outside Director, East Japan Railway Company
2016-Professor, Faculty of International Social Sciences, Gakushuin University
2016-Outside Corporate Auditor, Haboromo Foods Corporation
2018-Outside Director, The Shizuoka Bank, Ltd.
2018-Outside Director, Sumitomo Chemical Co., Ltd.



Atsuko Muraki
Director

Outside Director

1978 Joined Ministry of Labour (Currently Ministry of Health Labour and Welfare)
2005 Counsellor for Policy Evaluation, Minister's Secretariat of Ministry of Health Labour and Welfare
2006 Deputy Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare
2008 Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare
2010 Director-General for Policies on Cohesive Society, Cabinet Office
2012 Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health Labour and Welfare
2013 Vice Minister, Health Labour and Welfare of Ministry of Health Labour and Welfare
2015 Retired from Ministry of Health Labour and Welfare
2016-Outside Director, ITOCHU Corporation
2017-Outside Corporate Auditor, Sampo Holdings, Inc.
2018-Outside Director, Sumitomo Chemical Co., Ltd.

Corporate Auditors

Kenya Nagamatsu Standing Corporate Auditor

1975 Joined Sumitomo Chemical Co., Ltd.
2009 Deputy General Manager, Ehime Works
2011-Corporate Auditor
2015-Outside Corporate Auditor,
Sumitomo Seika Chemicals Co., Ltd.

Hiroaki Yoshida Standing Corporate Auditor

1980 Joined Sumitomo Chemical Co., Ltd.
2012 General Manager, Planning & Coordination Office,
Rabigh Project & General Manager, Planning & Coordination
Office, Petrochemicals & Plastics Sector
2015-Corporate Auditor

Mitsuhiro Aso Outside Corporate Auditor

1975 Prosecutor
2010 Superintending Prosecutor of
the Fukuoka High Public Prosecutors Office
2012 Retirement as Prosecutor
2012-Registration of Attorneys
2013-Outside Corporate Auditor, Sumitomo Chemical Co., Ltd.
2016-Outside Corporate Auditor,
Sumitomo Mitsui Trust Bank, Limited

Yoshitaka Kato Outside Corporate Auditor

1978-Registered as a certified public accountant
2008 CEO of Ernst & Young ShinNihon LLC
2014 Left Ernst & Young ShinNihon LLC
2015-Outside Corporate Auditor, Sumitomo Chemical Co., Ltd.
2015-Outside Corporate Auditor, Mitsui Fudosan Co., Ltd.
2016-Outside Corporate Auditor, Sumitomo Corporation

Michio Yoneda Outside Corporate Auditor

1973 Joined Bank of Japan
1998 General Manager, Sapporo Branch of Bank of Japan
2000 Resigned as General Manager,
Sapporo Branch of bank of Japan
2000 Executive Director, Osaka Securities Exchange
(Currently Japan Exchange Group, Inc.)
2003 President & CEO, Osaka Securities Exchange Co., Ltd.
2013 Director & Representative Executive Officer, Group COO,
Japan Exchange Group, Inc.
Director, Tokyo Stock Exchange, Inc.
2015 Resigned as Director & Representative Executive Officer,
Group COO, Japan Exchange Group, Inc.
Resigned as Director, Tokyo Stock Exchange, Inc.
2016-Outside Director, Kawasaki Heavy Industries, Ltd.
2018-Outside Director, Asahi Broadcasting Group Holdings Corporation
2018-Outside Corporate Auditor, Sumitomo Chemical Co., Ltd.

Managing Executive Officers

Kazushi Tan

Ehime Works

Marc Vermeire

Sumitomo Chemical Europe S.A./N.V.,
Special mission related to the Corporate
Business Development Dept. and
the Corporate Planning Dept.

Takashi Shigemori

Corporate Business Development Dept.,
Corporate Planning Dept.,
IT Innovation Dept.

Kazuyuki Nuki

AgroSolutions Div.- Japan,
Environmental Health Div.

Masaki Matsui

IT-related Chemicals Sector –
Planning & Coordination Office,
Quality Assurance Office, Electronic Materials Div.

Toshiro Ohtsubo

Health & Crop Sciences Sector –
Planning & Coordination Office,
Quality Assurance Office,
Pharmaceutical Chemicals Div.

Keiichi Sakata

Health & Crop Sciences Sector –
Planning & Coordination Office,
AgroSolutions Div.–
International, Animal Nutrition Div.

Motoyuki Sakai

Sumitomo Chemical Asia Pte Ltd

Yoshiaki Oda

Research Planning and Coordination Dept.,
Industrial Technology & Research Laboratory,
Advanced Materials Development Laboratory

Nobuaki Mito

Corporate Business Development Dept.,
Intellectual Property Dept.

Kingo Akahori

Energy & Functional Materials Sector –
Quality Assurance Office, Inorganic Materials Div.,
Advanced Polymers Div., Battery Materials Div.

Hwang Inwoo

Dongwoo Fine-Chem Co., Ltd.

Soji Sakamoto

Basic Materials Div., Industrial Chemicals Div.,
Resin-related Business Development Dept.,
Polyolefins Div., Automotive Materials Div.,
Methacrylates Div.

Executive Officers

Atsuko Hirooka

Environmental Health Div.,
Animal Nutrition Div.

Seiji Takeuchi

Rabigh Refining and Petrochemical Company

Andrew Lee

Valent U.S.A. LLC, Valent BioSciences LLC

Naoyuki Inoue

Rabigh Refining and Petrochemical Company

Yasuaki Sasaki

Internal Control and Audit Dept.,
Human Resources Dept.,
Osaka Office Administration Dept.

Keigo Sasaki

Corporate Communications Dept.,
Accounting Dept., Finance Dept.

Kenji Ohno

General Affairs Dept., Legal Dept.,
CSR Dept.

Yoshihiro Miyoshi

Chiba Works,
Petrochemicals Research Laboratory

Shinichiro Nagata

Oita Works, Misawa Works

Yoshizumi Sasaki

Rabigh Refining and Petrochemical Company

Ichiro Kosaka

Energy & Functional Materials Sector –
Planning & Coordination Office,
Specialty Chemicals Div.

Masaya Naito

Procurement Dept., Logistics Dept.

Takanari Yamaguchi

Optical Materials Div.

Akira Iwasaki

Corporate Planning Dept.

Corporate Governance

Corporate Governance Initiatives

Sumitomo Chemical has been committed to continual efforts to improve corporate governance. In response to demands for further raising the governance level, including application of the Corporate Governance Code, we are taking measures to achieve the optimal governing structure and decision-making processes, while remaining faithful to the intent and spirit of the Code.

Basic Stance

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

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

Sumitomo Chemical has prepared Corporate Governance Guidelines, in accordance with Japan's Corporate Governance Code. These Guidelines can be viewed on Sumitomo Chemical's website.

<https://www.sumitomo-chem.co.jp/english/company/governance.html>

Measures to Date for Strengthening Corporate Governance

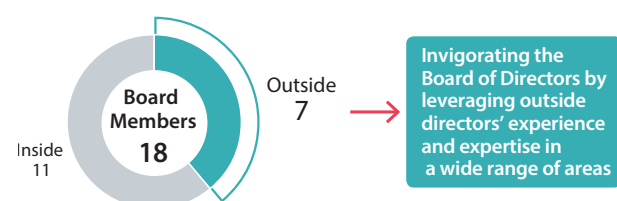
| Date | Major Initiatives | Board Composition | Appointment of Board Members | Executive Remuneration | Other |
|----------------|--|-------------------|------------------------------|------------------------|-------|
| 2003 June | Introduced Executive Officer system (reduced number of Directors from 25 to 10) | ● | | | ● |
| July | Established Compliance Committee | | | | ● |
| 2004 June | Eliminated system of retirement benefits for Directors and Corporate Auditors | | | ● | |
| 2007 May | Established Internal Control Committee | | | | ● |
| September | Established Remuneration Advisory Group | | | ● | |
| 2010 September | Established Nomination Advisory Group | | ● | | |
| 2011 November | Drew up standards for appointment of independent outside directors | ● | ● | | |
| 2012 June | Appointed 1 outside director | ● | | | |
| 2015 June | Selected 3 outside directors (increased by 2) | ● | | | |
| October | Established Remuneration Advisory Committee in place of Remuneration Advisory Group | | | ● | |
| | Established Nomination Advisory Committee in place of Director Nomination Advisory Group | | ● | | |
| 2016 December | Formulated Sumitomo Chemical Corporate Governance Guidelines | | | | ● |
| 2018 June | Selected 4 outside directors (including one woman) (increased by 1) | ● | | | |

Recent Initiatives to Strengthen Corporate Governance

Further Strengthening of the Board of Directors' Oversight and Advisory Functions

With the goal of further strengthening the Board of Directors' oversight and advisory functions to increase the transparency and objectivity of management, in June 2018 we added one outside director, increasing the total number to four (including one female director). As a result, of the eighteen total members of the Board of Directors and the Board of Corporate Auditors, seven are outside members. Outside directors have experience in a wide range of fields, including corporate management, economics, government, the legal profession, and accounting, and we leverage these perspectives to further revitalize the Board.

Board Composition (As of July 1, 2018)



| | Inside | Outside |
|-------------------|--------|--------------------------------------|
| Director | 9 | 4 (including one female director) |
| Corporate Auditor | 2 | 3 |

Changes in the Operation of the Board Meeting

In addition to addressing Japan's Corporate Governance Code, we changed the operation of the Board of Directors to place greater emphasis on deliberating management policies, business strategy, and important matters of business execution and on oversight of the execution. The changes also expand the

scope of decision-making delegated to Executive Officers with the aim of accelerating business execution. At board meetings, reporting by Executive Officers on the status of business execution has been enhanced, and three types of reports are defined based on the contents, with meaningful discussions taking place that contribute to sustainable growth and timely and decisive decision-making. The time required for board meetings has increased by three times since these changes have been implemented.

Changes in the Operation of the General Meeting of Shareholders

To further promote a dialogue with shareholders, starting from the General Meeting of Shareholders held in June 2017, the way the meeting is administered have been changed, including relocation of the meeting place to a more convenient outside venue, as well as providing explanations and answers to questions that are more thorough and easier to understand. Attendees to the General Meeting of Shareholders held in June 2017 increased by three times compared to the previous year, and many shareholders were active in asking questions and making comments. In response, representatives of the company provided thorough explanations, leading to a further revitalization of the General Meeting of Shareholders.



Use of Outside Director Functions

To make maximum use of the oversight and advisory functions of the outside directors, it is essential to minimize asymmetries in information between internal directors and outside directors. The measures including those listed below have been implemented to revitalize board deliberation.

Measures to Make Maximum Use of Outside Director Functions

| Measures | Description |
|--|--|
| Briefings prior to Board of Directors meetings | Outside directors gather together in advance of Board of Directors meetings to receive a detailed briefing from the relevant departments, along with a Q&A session, on issues to be discussed at the Board of Directors meeting. |
| Reporting on issues discussed in internal meetings | Supplemental information is provided on issues raised in internal meetings, such as on the launch of a business or an acquisition. |
| Reporting on important matters to the Board of Directors at an early stage | Important matters, such as management direction, M&A transactions, or large-scale projects, are reported to the Board of Directors at an early stage of consideration so that the board's intentions can be reflected. |
| Outside Directors & Corporate Auditors meetings | Based on such materials as the survey result on the effectiveness of the Board of Directors, meetings consisting primarily of outside directors are held to enable a frank exchange of views. |
| Visits to production sites | Visits are made to our production sites both inside and outside Japan (twice a year). |

Assessing the Effectiveness of the Board of Directors

Assessment Method

Sumitomo Chemical's Board of Directors carries out analyses and appraisals regarding the effectiveness of the Board of Directors through an exchange of opinions at meetings attended by Outside Directors, Outside Corporate Auditors, the Chairman, and the President, as well as at Management Meetings attended by internal directors, while taking into account survey result from all Directors and Corporate Auditors and opinions expressed by the Board of Corporate Auditors. In addition, based on these opinions, every year the Board of Directors makes an overall review of the appraised effectiveness of the Board of Directors.

Assessment for Fiscal 2017 and Improvements over the Previous Fiscal Year

The effectiveness of the Board of Directors is assessed from a variety of perspectives, including its composition, operation, and deliberations and reporting at the Board of Directors meetings, as well as its oversight of business execution. With thorough management of board meetings leading to questions and answers based on active discussions, at the end of fiscal 2017 Sumitomo Chemical confirmed steady improvements, including the initiatives listed below, and further advances in the effectiveness of the Board of Directors.

Improvement Initiatives

- Detailed reports of objective risks analyses of important business launches
- Periodic confirmations of the progress of past business launches
- Further improvements in feedback on conversations with investors and analysts

Toward the Future

From the perspective of further enhancing the effectiveness of the Board of Directors, a few matters to be improved have been identified. One is to further improve governance through multi-faceted reports on Group companies inside and outside Japan, including qualitative assessments of their internal control and responsible care initiatives, in addition to their business performance. Another is to have deeper discussions of the long-term strategy of the company as a whole. Yet another is to have detailed reports to the Board of Directors about background and the process regarding what has been discussed actively in internal meeting, thereby eliminating the asymmetries in information between internal and outside directors, and leading to further improvements in the deliberations and oversight by the Board of Directors.

Topics

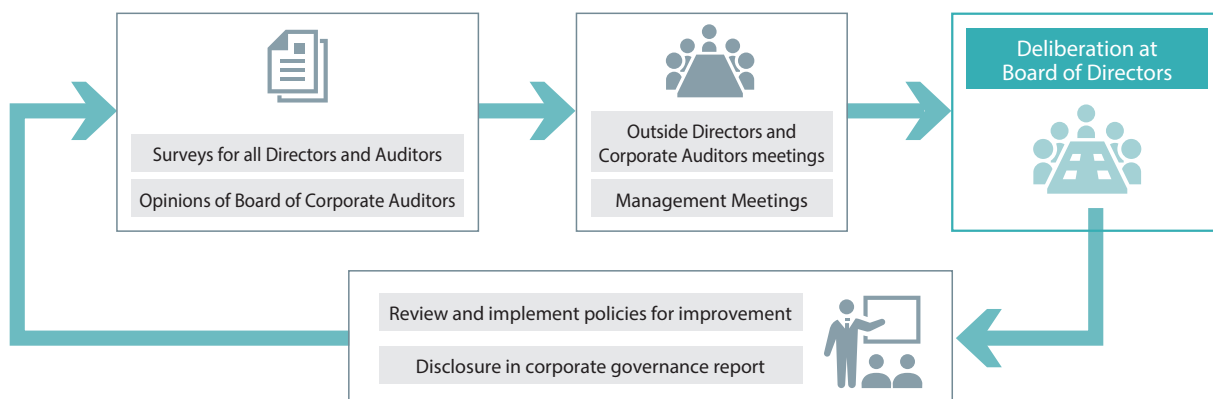
Visit to Production Sites by Outside Directors and Corporate Auditors

In order for Outside Directors and Corporate Auditors to improve their understanding of our business, Sumitomo Chemical provide them with opportunities to visit our production sites both inside and outside Japan each year. In fiscal 2017, they visited the Oita Works and a Group company in South Korea. They have expressed the opinion that this initiative is extremely valuable, enabling them to get a deeper understanding of our business.



Visit to Dongwoo Fine-Chem (South Korea) in March 2018

PDCA Cycle for Further Improving the Effectiveness of the Board of Directors



Messages from Newly Appointed Outside Directors and Corporate Auditor

We received the following messages from Sumitomo Chemical's new outside directors and corporate auditor, who were appointed in June 2018.

I will Provide a Perspective on Macroeconomic Issues and Global Trends.

My research has been on theories and policies in international economics. My impression is that Sumitomo Chemical is very resolutely taking on the challenges of global markets, with its petrochemical complex in Saudi Arabia and its production of separators in South Korea, for example. Based on my personal experience, I would like to provide my perspective on macroeconomic issues and global trends, which are areas that are difficult to grasp when one is working on the actual front lines of business. Aside from the Board of Directors meetings, my understanding is that I will have opportunities to participate in visits to production sites and meetings with Executive Officers. In addition to my full intention of making discussions at the Board of Directors meetings more active, I would like to take a variety of opportunities to have repeated discussions about the company's medium- to long-term vision.

In addition, I am interested in AI and IoT technologies, which are making striking progress recently. I expect these technologies to have an even more significant impact on corporate management and consumer behavior in the future. There is a need to think very carefully about how corporations should leverage these technologies in their business activities, and about how to generate added value by combining functions that can be replaced by AI and IoT with functions that cannot be performed by IT. I would also like to have discussions about the pace of technological innovation and the direction of the changes it generates.



Motoshige Itoh
Outside Director

I will Actively Work on Promoting Diversity.

At the Ministry of Health, Labour and Welfare, I worked on creating a society in which all people, including women and people with disabilities, can actively participate. In working to create such a society, corporations need to focus on providing opportunities that enable all kinds of employees to use the full extent of their capabilities. I understand that Sumitomo Chemical is also placing a lot of effort into promoting diversity. The promotion of diversity is not something that will advance on its own. Rather, it requires constant effort, step by step. As an outside director, I would like to actively work to address this issue.

Up until now, many of Sumitomo Chemical's outside directors have been people with a background in business management, and I think I may be the first one whose experience is from a government agency. As someone with a different background, I want to actively express my opinions for constructive discussions at the Board of Directors meetings. Even beyond the meetings, I would like to examine the company's business from a variety of perspectives. As part of these activities, in 2019 there are plans to visit Petro Rabigh's complex in Saudi Arabia. Because it is a country that places restrictions on the advancement of women, I thought such a visit might be difficult, so I am very happy to have such a precious opportunity. It is an important complex for understanding Sumitomo Chemical's business, and I am looking forward to it.



Atsuko Muraki
Outside Director

I will Contribute to Enhancing Governance by Frankly Expressing My Opinions.

I am someone who has spent a long time in finance, such as at the Bank of Japan and securities exchanges. I understand that Sumitomo Chemical got its start by manufacturing fertilizers from sulfur dioxide emitted from smelting operations, aiming to solve smoke pollution caused by the emissions. Using innovation to solve an environmental problem, this approach, I feel, has been continually passed down to the present as Sumitomo Chemical's DNA. I also have the impression that Sumitomo Chemical is very actively engaged in ESG initiatives, which have been attracting considerable attention in recent years, and this is an area that is significantly impacted by the company's DNA.

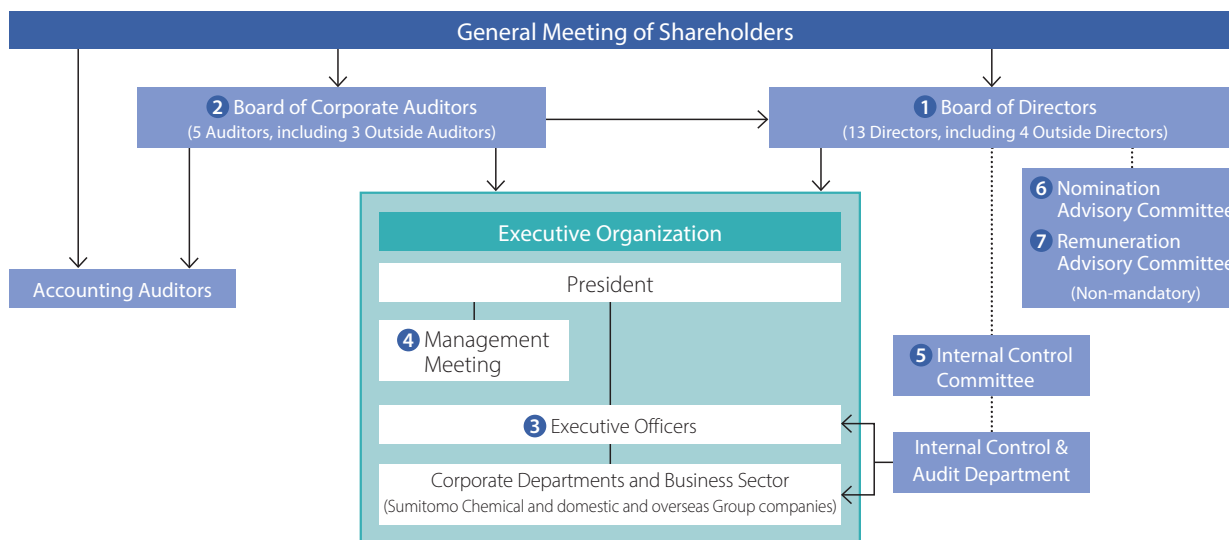
As evidenced by the June 2018 reforms to Japan's Corporate Governance Code, corporations in Japan are facing demands for enhanced governance. Of course, I think that corporate governance structures are being put in place. The goal of enhanced governance, however, is not to put structures into place. Rather, it is a method to enhance corporate value and achieve sustainable growth. I think we are just now entering the stage of actual improvements to ensure the proper functioning of governance in a variety of business activities. As an outside corporate auditor, I will work to contribute to enhancing governance by frankly expressing my opinions.



Michio Yoneda
Outside Corporate Auditor

Current Corporate Governance Organization

Corporate Governance Organization (As of July 1, 2018)



Organizational Structure

1 Board of Directors

The Sumitomo Chemical Board of Directors decides important matters concerning the Company's management, including management policy and business strategies, in accordance with the law, the Articles of Incorporation, and Board of Directors regulations. It also receives reports from Directors and others on the performance of duties, financial situation, and operating results, and oversees the performance of duties by each Director.

The Board currently consists of 13 Directors, four of whom are independent outside directors having no conflict of interest with general shareholders. The term of office of Directors is one year, in order to make the administrative organization responsive to changes in the business environment and to establish clear administrative responsibility and roles of Directors.

Board of Directors meetings are held monthly as a rule, with special meetings convened as needed. To ensure the effectiveness of the Board of Directors, assessments and analyses are conducted annually and the follow-up to the results is done.

2 Board of Corporate Auditors

We have a Corporate Auditor System, with a Board of Corporate Auditors consisting of five Corporate Auditors including three outside corporate auditors.

The Corporate Auditors and the Board of Corporate Auditors play a vital role in our corporate governance, by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Corporate Auditors meets once a month as a rule.

Standing Corporate Auditors and outside auditors attend meetings of the Board of Directors and the Board of Corporate

Auditors. In conducting their audits, they receive reports and explanations as needed from the Internal Control & Audit Department, operating divisions, and accounting auditors. In addition, Standing Corporate Auditors attend meetings of the Internal Control Committee and other important company meetings.

The results of audits and the objective views of outside auditors are appropriately reflected in internal audits, corporate auditors' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing.

The Corporate Auditors' Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Corporate Auditors.

Management Organizations for Decision-making, Execution, and Auditing

3 Executive Officers

We have appointed Executive Officers to expedite the implementation of business operations. Executive Officers are responsible for carrying out operations in accordance with the policies adopted by the Board of Directors. We have 35 Executive Officers, with eight acting in dual capacity as Directors. The Executive Officers are 32 Japanese and three non-Japanese, consisting of 34 males and one female. The term of office for Executive Officers is one year.

4 Management Meeting

The Management Meeting supports the decision-making of our management by providing a forum for deliberation on such vital matters as corporate strategy and capital investment, including matters to be deliberated in the Board of Directors for discussion and reports to be made to the Board. The

Management Meeting consists of all the Directors (excluding outside directors), some of the Executive Officers of corporate divisions, and one Standing Corporate Auditor. Meetings are held 24 times a year as a rule.

5 Committees

We enhance its business activities and oversight functions by establishing internal meetings (committees) to deliberate on important matters concerning the management of the Company, and the Group from broad and diverse viewpoints. Of these committees, the Internal Control Committee, the Compliance Committee, and the Responsible Care Committee and others are attended by Directors and others, as well as the Standing Corporate Auditor, who serves as an observer. In 2018, we established a new Sustainability Promotion Committee, which is an enhanced iteration of its former CSR Promotion Committee, to strengthen its ESG initiatives.

Internal Committees

| Name | Purpose | Number of Meetings in Fiscal 2017 |
|----------------------------------|---|-----------------------------------|
| Internal Control Committee | Deliberate on measures to build and improve a proper internal control system | 3 |
| Risk Crisis Management Committee | Deliberate on company policy to deal with individual risks such as large-scale disasters, pandemics, and a decline in public security | 3* |
| Responsible Care Committee | Comprehensively promote responsible care activities from a long-term viewpoint | 1 |
| Compliance Committee | Promote compliance-oriented business management | 1 |

* Subcommittee meetings on specific key themes

Executive Nomination and Remuneration

6 Nomination Advisory Committee

The Nomination Advisory Committee was established in October 2015 to act as an advisory body to the Board of Directors on selection of top management and on appointment of directors and auditors. The committee is made up of outside directors and Sumitomo Chemical representative directors. Regular meetings are held annually and ad hoc meetings are convened as needed. With a majority of members being outside directors, the committee advises the Board of Directors on appointment of officers, with the purpose of ensuring more transparency, fairness, and openness in the process of appointing officers and bringing greater clarity to the process.

7 Remuneration Advisory Committee

The Remuneration Advisory Committee was established in October 2015, as an advisory body to the Board of Directors on the remuneration system for top management and Directors,

remuneration levels, and other related matters. The committee is made up of outside directors and Sumitomo Chemical representative directors. It holds regular meetings annually and convenes ad hoc meetings as needed. With a majority of members being outside directors, the committee advises the Board of Directors in deciding the officer remuneration system and levels, in order to achieve greater transparency, fairness, and openness.

Remuneration System

Remuneration for Directors consists of basic remuneration and bonuses. Basic remuneration is designed to serve as an incentive for the actions of Directors to contribute to the company's sustainable growth, rather than short-term effects or half-measures. Accordingly, in addition to a fixed remuneration assigned to each person's rank, every year, from a comprehensive and medium-to-long term perspective, including the company's size, earnings capacity, and outside evaluations, if a determination is made that the position of Sumitomo Chemical has changed, it will be reflected in the remuneration amount. Bonuses are paid to heighten incentive to meet the business plans for each year, with the amount being determined based on consolidated performance for the fiscal year.

Remuneration Levels

Remuneration for Directors and Corporate Auditors is set at levels that, in addition to taking into consideration such factors as the scale and content of Sumitomo Chemical's business, are designed to be objectively competitive to attract and retain outstanding talent. In addition, based on surveys by outside third party institutions and other materials, each year those levels are checked to determine whether they are objectively appropriate. With regard to basic remuneration, in accordance with the remuneration system described above, levels are changed if Sumitomo Chemical's position is higher or lower than it previously had been. With regard to bonuses, bonuses are paid if performance for that fiscal year exceeds a particular level, with the amount of the bonuses designed to be highly correlated with business performance.

Directors' and Corporate Auditors' Remuneration in Fiscal 2017

(Millions of yen)

| Title | Eligible Persons | Basic Remuneration | Bonuses | Total |
|--|------------------|--------------------|---------|-------|
| Directors (excluding Outside Directors) | 9 | ¥509 | ¥170 | ¥678 |
| Standing Corporate Auditors | 2 | ¥ 78 | — | ¥ 78 |
| Outside Directors and Corporate Auditors | 6 | ¥ 82 | ¥ 12 | ¥ 94 |
| Total | 17 | ¥669 | ¥181 | ¥850 |

As Non-Japanese Executive Officer, I would like to Provide a Diversity of Perspective to Sumitomo Chemical.

I have served as President of Sumitomo Chemical Europe since 2001 and as an Executive Officer since 2010. The company regularly holds Executive Officers Meetings, which offer an opportunity for us to meet and exchange information. When I was inducted as an Executive Officer, the style of the meetings was more structured, but now I have realized the atmosphere is more open. We also hold lunch meetings before the formal Executive Officers Meetings. During this time, we are able to discuss a variety of things without restraint. This approach brings forth new ideas which then lead to innovation within the company. Additionally, non-Japanese Executive Officers can be integrated much more easily.

These changes in the meetings are important from the perspective of the progress of diversity. I believe in diversity benefits for companies in countless ways. Sometimes when people encounter diversity, they find it difficult to cooperate together. However, if we focus on and share initial targets strongly, diversity contributes to strengthen the organization and develop innovative solutions for the future.

We have always incorporated Sumitomo Chemical's corporate values into the global management of the company and its worldwide operations. Having talented people in suitable positions, regardless of nationality, culture, or gender is essential for us to move away from being an international company to a truly global company. I would like to contribute to encouraging a productive discussion between all of the Executive Officers and eventually try to provide varying perspectives, cultures and experiences.



Marc Vermeire
Managing Executive Officer

Internal Control

Status of Development of Internal Control System

Sumitomo Chemical recognizes the continuous development and enhancement of our internal control system as a necessary process in maintaining a sound organization, and believe this system should be actively utilized for the achievement of business objectives.

Based on the Basic Policy for Enhancement of the Internal Control System (revised in March 2015) established by the Board of Directors, we have formed the Internal Control Committee (chaired by the President) to review and strengthen the internal control system of the Sumitomo Chemical Group in response to changing circumstances. The Internal Control Committee monitors the implementation status of initiatives based on the Basic Policy, promoting various measures in order to enhance internal control systems.

Timely Disclosure

The Corporate Communications Department is in charge of working in conjunction with other relevant departments to

continually disclose necessary information in a timely manner. In addition to items requiring disclosure under Japan's Financial Instruments and Exchange Act and under stock exchange regulations, we also actively disclose information that may be considered material to the decisions of investors.

We endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the security exchanges in Japan, including reports on the Company's corporate governance philosophy and system, and notifications showing that independent directors and corporate auditors have no existing conflicts of interest with general shareholders. These documents are available on the website of Japan Exchange Group Inc.

Internal Auditing

Sumitomo Chemical has established dedicated organizations within the company to conduct internal auditing. Internal audits are conducted on Sumitomo Chemical and major Group companies to evaluate and ascertain the design, operation, and effective functioning of internal controls in the execution of business duties by executives and employees of the Sumitomo

Chemical Group from the following perspectives: (1) effective and efficient operations; (2) reliability of financial reporting; and (3) compliance with relevant laws and statutes in all business activities. These audits are carried out by the Responsible Care Department (technology reliability auditing), for matters that fall under the purview of the Responsible Care Committee, such as the environment, safety, and quality, and by the Internal Control & Audit Department for other topics relating to the execution of operations.

The Internal Control & Audit Department works to improve internal controls for applicable departments through internal auditing. It also regularly holds meetings of the Internal Audit

Coordination Board to share with relevant departments the reports of deficiencies detected by internal auditing and progress on their countermeasures, promoting initiatives to strengthen the internal control systems of the Sumitomo Chemical Group. The department reports the results of audits relating to internal controls to the Board of Directors via the Internal Control Committee. In addition, in accordance with the Financial Instruments and Exchange Act, the Department evaluates, promotes, and coordinates the effectiveness of Sumitomo Chemical's internal control over the Sumitomo Chemical Group's financial reporting as the secretariat, and also reports on the status of such evaluation to the Internal Control Committee.

Risk Management

Sumitomo Chemical seeks to improve and enhance our risk management system to detect risks at an early stage that have the possibility of hindering the achievement of business objectives and to prevent them from occurring as well as to respond quickly and appropriately on their occurrence.

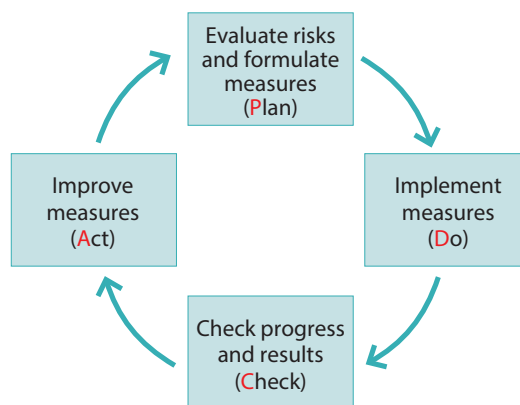
Each organization of the Sumitomo Chemical Group takes various measures to appropriately manage risk. To support and ensure the risk management measures of each organization, the Internal Control Committee determines Group-wide risk management policy and deliberates initiatives pertaining to collection of risk information and its dissemination throughout the Group.

For enhancing the risk management system, each organization of Sumitomo Chemical Group including Group companies both in Japan and abroad conducts a risk assessment every fiscal year in terms of the probability of risk occurrence and its possible impact, and the Internal Control Committee determines based on the assessment results Group-wide priority risks that are to be implemented across the Group. Each organization takes appropriate measures based on the Group-wide risk response plans, which are developed by Sumitomo Chemical's risk response coordination departments designated for each priority risk.

We also establish a Risk Crisis Management Committee to deliberate the Group's response policies and plans, pertaining to the individual risk crisis in order to make prompt responses in the event that a significant risk is realized, such as large-scale disasters (earthquakes, storms, floods and other), pandemics, and a deterioration in security (terrorism, riots and wars and other).

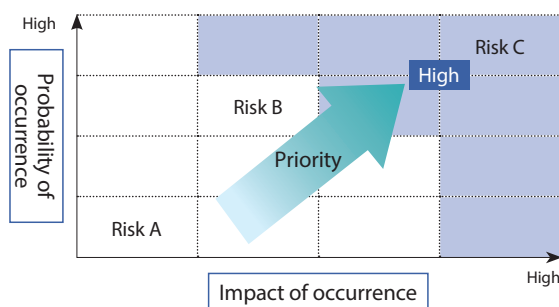
Visit our website for details on business risk.
https://www.sumitomo-chem.co.jp/english/ir/policy/risk_factors.html

Risk Management Initiatives



We continually implement a PDCA cycle, in which risks are evaluated based on current circumstances, measures are formulated and implemented in light of the results of the evaluation, and the progress and results of those measures are checked. Then appropriate improvements are made.

Risk Evaluation



We conduct risk evaluations across about 120 organizations, prioritizing countermeasures for risks with a high possibility of occurrence, or whose degree of impact would be significant.

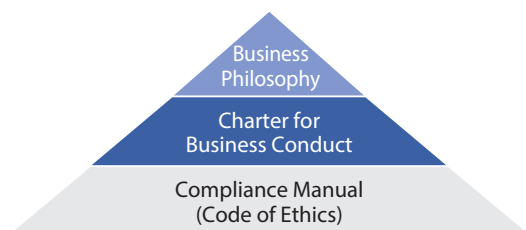
Compliance

Basic Policy of the Sumitomo Chemical Group's Compliance: Passed Down from One Generation to Another

Sumitomo Chemical places “compliance” at the bedrock of corporate management. As we engage in business in many parts of the world, all companies of Sumitomo Chemical Group are devoting earnest efforts to stay in strict compliance with not only laws and regulations, but also ethical principles in a business environment.

The spirit and letter of ensuring compliance in business activities have consistently been enshrined at Sumitomo Chemical ever since the company was founded. This unwavering resolve towards compliance is embodied succinctly in the “Sumitomo Chemical Charter for Business Conduct” (please see P10), which serves as the guideline of conduct for every employee to abide by and constitutes the backbone of our day-to-day compliance activities. In recent years in particular, greater emphasis is placed on the importance of companies fulfilling their responsibilities to society while relevant laws and their enforcement are continually strengthened around the world. Given the circumstances, all companies of Sumitomo Chemical Group are making concerted endeavors in furthering compliance activities, under the strong leadership of top management, keeping duly in mind that thoroughgoing compliance efforts are becoming ever more important in the Group's increasingly globalized business operations.

The Compliance Manual and the Charter for Business Conduct embody Sumitomo Chemical's Business Philosophy*



* Please see P4

Compliance System at Sumitomo Chemical Group

(1) Sumitomo Chemical's Compliance Committee = The Linchpin of Sumitomo Chemical Group's Compliance Activities

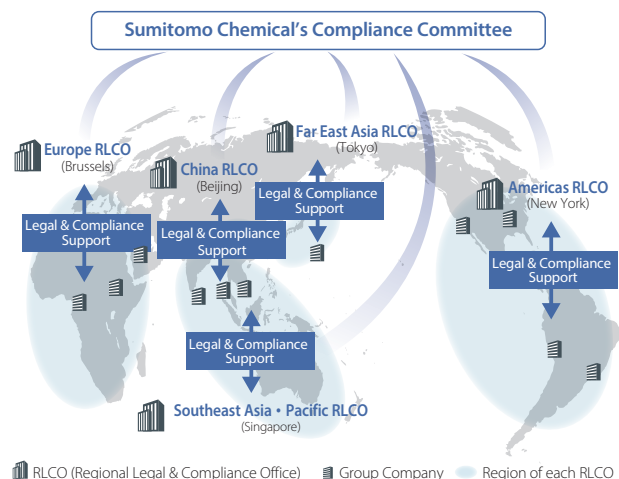
Under the guidance and oversight of the Board of Directors and the Board of Corporate Auditors, the Compliance Committee of Sumitomo Chemical establishes overarching principles of compliance from a global perspective, according to which it works with every Group company in Japan and abroad in building and operating their compliance systems locally in a manner required.

(2) Think globally, Manage regionally, Act locally = A Structure Focused on Effectiveness

As business globalizes, it becomes more important that a corporation's compliance system operation be fine-tuned to a situation specific to an individual country or company. In light of this, we have established Regional Legal & Compliance Offices (RLCOs) in

Sumitomo Chemical's major business regions. The RLCOs, grasping the concrete needs and tasks of respective Group companies, provide hands-on support and guidance to them, such as helping to set and implement necessary internal rules and procedures, building a company's compliance system, and assisting in its operation.

Compliance System at Sumitomo Chemical Group



Latest Priority Initiatives

(1) Initiatives to Prevent Corruption and Comply with Competition Laws

An area of our recent focus is to strengthen those initiatives which will more effectively serve to maintain sound business practices in companies' entire supply chains, through implementing measures to prevent corruption, such as bribes and collusion with business partners (see Topics 1), as well as initiatives to ensure strict observance of competition laws. In addition, with regard to competition laws, we implemented a thoroughly revised Competition Law Compliance Manual in fiscal 2017, and we will also promote to introduce the Manual in Group companies going forward.

(2) Compliance Promotion Month

In line with the “Corporate Ethics Promotion Month” initiatives of Keidanren (the Japan Business Federation), Sumitomo Chemical and some of its Group companies have designated October of every year as “Compliance Promotion Month,” in which all employees in each workplace, including manufacturing, sales, and various intermediate departments, participate in discussions to examine and identify all conceivable compliance risks, major or minor, that might arise in each workplace. They then go on to select those risks that need to be specifically addressed, and formulate concrete measures to prevent the risks from occurring in the future. For those preventive measures which are already in place, they review once again whether or not the measures will be effective enough when implemented. Continuous implementation of these measures not only reduces specific compliance risks in the workplace, but also helps in raising employees' compliance consciousness.

During the Compliance Promotion Month initiatives of fiscal 2016, so-called “fraud” risks were made essential topics of discussion

in light of recent corporate scandals that had taken place, while in fiscal 2017, collusion and harassment were essential topics, as all major compliance risks were examined and identified in each department, and then, concrete preventive measures were formulated and implemented. Reports on these activities are submitted by each department, and an evaluation team that includes outside legal counsel objectively evaluated them. With the goal of further raising the level of compliance, we shared departments with positive evaluations and details of their initiatives within the company.

(3) Compliance Training

With a firm belief that strict compliance can only be achieved with each employee having high awareness of compliance, Sumitomo Chemical attaches importance to carrying out “compliance education” on a continual basis, which includes training programs geared to management executives at Sumitomo Chemical and Group companies as well as face-to-face lecture-style training courses and e-learning trainings, depending on each company’s specific needs and situation.

(4) Employee Compliance Awareness Survey

In order to measure the effect of the initiatives listed above, including compliance activities and training, Sumitomo Chemical regularly conducts employee compliance awareness surveys, and in fiscal 2017, a survey of more than 40 Group companies inside and outside Japan was conducted. Questions about topics such as the compliance awareness of individual employees were designated as key performance indicators (KPIs) for this survey, and observing trends in these KPIs each time a survey is conducted will lead to the discovery of issues and the setting forth of measures aimed at further improvement.

(5) Compliance Audits

As it is also important to conduct audits of whether the operations of the compliance structure and various compliance activities are being appropriately carried out in each department of Sumitomo Chemical, and in each Group company, the Internal Control and Audit Department and the Responsible Care Department conduct compliance audits.

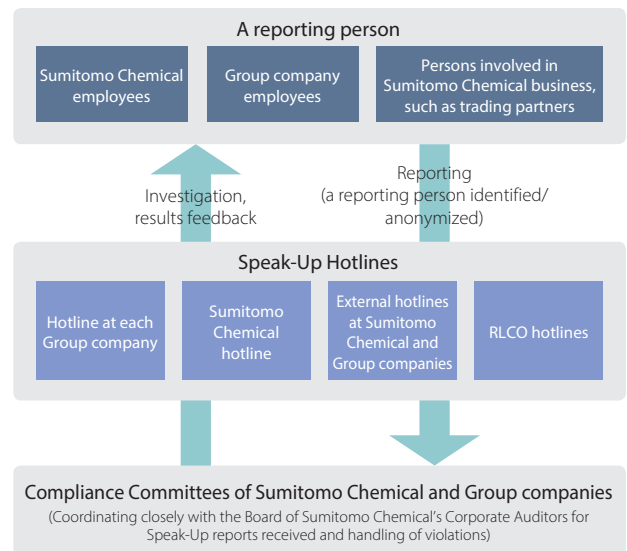
Speak-Up Reporting System

(1) A Speak-Up Reporting System Plays a Key Role Towards Enhanced Compliance

All companies of Sumitomo Chemical Group are constantly making every possible effort to detect any compliance violations as early as possible or to prevent them from occurring in the future, by taking a variety of measures, including improving the operational effectiveness of the Speak-Up Reporting System. Sumitomo Chemical’s Speak-Up System is built on the basic thought that anyone involved in Sumitomo Chemical’s business, whether a management executive or an employee at the Company, or his or her family member, or an executive or employee of a Group company, or a trading partner, will be able to report a compliance violation or a suspected violation to the Compliance Committee without fail, whenever they come to recognize one in connection with activities of Sumitomo Chemical Group companies. Accordingly, various reporting channels

are available for use, i.e. (1) A Compliance Committee of each Group company, (2) RLCOs, (3) the Compliance Committee of Sumitomo Chemical, and (4) external lawyers designated by the committee. A reporting person can use a reporting channel of his or her choosing. (Please see chart below)

How a speak-up report is processed under the Speak-Up System



(2) Promoting Use of the Speak-Up Reporting System

An investigation based on a speak-up report is carried out with utmost consideration to protecting the privacy of a reporting person and maintaining confidentiality of information provided. In addition, a maximal care is taken to ensure that a person who has made truthful reporting will never be put at any disadvantage on the ground of having made the report, such as dismissal, transfer, or discrimination. Moreover, to ensure that the Speak-Up System functions in a truly effective manner, Sumitomo Chemical’s Compliance Committee takes every opportunity to explain to employees that speak-up reporting will never disadvantage a reporting person. In this regard, the Committee has been working to help employees understand clearly that confidentiality about the reporting is maintained and any disadvantageous treatment to a reporting person is strictly prohibited. In addition, the Committee shares with employee’s information about how far the Speak-Up Reporting System is in use by employees.

(3) Recent Operational Track Record of the Speak-Up Reporting System

As a result of the above initiatives to promote the use of the reporting system, in fiscal 2017, there were a total of 89 reports to the Compliance Committees of Sumitomo Chemical and each Group company, a significant increase of 50 reports over the previous fiscal year. Upon its receipt, each report was worked on, and an investigation was conducted promptly and cautiously into a reported incident. When violations were found or if a situation that might eventually develop into an incident of violation was recognized, corrective measures were taken properly. In addition, information on a violation incident and corrective measures actually taken was shared, as necessary, by other companies of the Group so that they could prevent similar incidents from occurring in their workplace in the future.

(4) Guidance and Oversight by the Board of Corporate Auditors, Including Outside Corporate Auditors

On the grounds that Speak-Up reports given to the Compliance Committees of Sumitomo Chemical and the Group companies, as well as compliance violation incidents at each company, are also important from a governance perspective, the Board of Corporate Auditors will regularly, or as needed for important issues, receive reports on these reports and violations, and will provide guidance and oversight.

Stronger Commitment to Further Enhanced Compliance Initiatives

Being a global enterprise, Sumitomo Chemical is deeply committed to fulfilling its corporate citizenship responsibilities. As Sumitomo Chemical Group companies continue to promote and expand business worldwide, the Sumitomo Chemical Compliance Committee, the RLCOs and each Group company will work jointly and more vigorously to strengthen their compliance initiatives by further cementing the closely-knit network of collaboration through various kinds of modus operandi, such as holding Global Legal and Compliance Conferences annually or the active use of IoT technologies.

Topics 1

Initiatives Regarding Prevention of Corruption in the Supply Chain of the Sumitomo Chemical Group

In order to thoroughly prevent corruption such as bribes to public officials or collusion with trading partners (including excessive business entertainment or giving and receiving of gifts, embezzlement, breaches of trust etc.), Sumitomo Chemical established the Committee on Antitrust Compliance and Corruption Prevention (reorganizing the previous Committee on Antitrust Compliance) in 2012, having the responsibility for building and operating a corruption prevention system for Group companies inside and outside Japan.

Under the guidance and oversight of the Board of Directors and the Board of Corporate Auditors, this Committee conducts assessments of corruption risks, based on the situations and factors such as corruption prevention laws and regulations of each country, the status of transactions and the countries in which trading partners are located. In light of the assessment results, the Committee determines the policies, rules, procedures and other protocols, and ensures that they are abided by throughout the Group.

Specific measures include establishment of policies, rules, procedures and other protocols such as the corruption prevention manual and approval standards for approval, and operation of measures such as due diligence processes when entering into or renewing contracts with agents, consultants, and business or trading partners, including distributors, and authorization processes for entertainment and the giving and receiving of gifts.

The company ensures that executives and employees are fully informed, through internal training and internal information systems, of the Sumitomo Chemical Group's commitment with regard to preventing corrupt activities, and of the compliance with relevant internal regulations. Sumitomo Chemical's business and trading partners are also fully informed from time to time by providing training etc, during the process of concluding contracts and due diligence, and other meeting opportunities.

The company has in place and operates internal reporting hotlines (Speak-Up hotlines – anonymous reporting also possible) that can be used by anyone involved in Sumitomo Chemical's businesses, including business and trading partners, enabling the Company to find out conduct of violation including corruption in its early stage of development and take remedial actions therefor promptly, hence conducive to ensuring compliance throughout the Company.

With regard to executives and employees who have been confirmed as undertaking corrupt activities, they will be subject to disciplinary actions per the internal regulations. With regard to business and trading partners, measures such as termination of a contract and other recourse will be taken.

Topics 2

Initiatives to Ensure Respect for Human Rights in the Supply Chain of the Sumitomo Chemical Group

In 2004, Sumitomo Chemical established a CSR Procurement Policy, based on the Basic CSR Policy, working to ensure socially responsible procurement across the entire supply chain, particularly in purchasing departments. Since 2009, the company has issued the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook to suppliers, and requested their compliance with it. The Guidebook includes items such as respect for human rights, the prohibition of harsh and inhumane treatment such as maltreatments and/or various harassment, the prohibition of discrimination during the process of job offering and hiring, the implementation of equal opportunity and fair treatment, compliance with legal work hours, respect for the right to freedom of association of employees, the prohibition of forced labor and child labor, and payment of legal minimum wage. After providing prospective new suppliers with the Sumitomo Chemical Supply-Chain CSR Development Check Sheets in advance, the company conducts due diligence for their compliance status, and only begins doing business with them after confirming that the evaluation result is positive. In addition, after beginning a business relationship, the company conducts regular monitoring of compliance status, and has decided to work to prioritize procurement from business partners working to improve CSR. If violations are confirmed, the company will demand a necessary remedial measure be taken by the supplier and itself take appropriate measures, including terminating the relationship.

In addition, in order to reconfirm its commitment to ensuring respect for human rights across the entire supply chain of the Sumitomo Chemical Group, and to ensure thoroughgoing compliance with initiatives related to this issue by executives and employees, the company expressed its agreement with the Joint Declaration on Rectifying Business Practices That Lead to Long Working Hours in October 2017, which has been joined by about 110 economic organizations, particularly Nippon Keidanren (Japan Business Federation). Furthermore, in April 2018, the company added an item dedicated to its initiatives to ensure respect for human rights in its supply chain to the compliance manual, and is working to ensure that Group executives and employees comply with these measures thoroughly.