

Implementation Policy for Japan's Stewardship Code

SUMITOMO CHEMICAL COMPANY, LIMITED

Sumitomo Chemical Defined-Benefit Corporate Pension

1. Basic policy

The Company is implementing a contract-type defined-benefit corporate pension plan. We declare that we accept the "Principles for Responsible Institutional Investor <<Japan's Stewardship Code>>" (hereinafter, the "Code") to fulfill our stewardship responsibilities as the asset owner of corporate pension asset management.

We formulated fundamental business principles, missions, and values as its Corporate Philosophy based on Sumitomo's Business Principles including traditional concept "harmony between the individual, the nation and society."

We aim to create both economic and social value and to achieve sustainable growth of the Company and build a Sustainable Society based on our Corporate Philosophy.

We will fulfill our stewardship responsibilities as an asset owner by improving and fostering investee companies' corporate value and sustainable growth, and enhancing investment return for our beneficiaries of the plan with the thoughts mentioned above.

Since our corporate pension fund does not directly hold shares and we outsource asset management to investment managers, we request them to engage in stewardship activities. We engage in effective stewardship activities by monitoring and evaluating their activities.

2, Approach to each principle of “Japan’ s Stewardship Code”

Principle 1

Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

The Company develops and discloses our policy to fulfill our stewardship responsibilities as the asset owner of corporate pension asset management.

We outsource the management of corporate pension assets to investment managers who accept Stewardship Code, and request them to enhance medium- to long-term return on the investments for the beneficiaries by improving and fostering investee companies’ corporate value and sustainable growth through their engagement as responsible institutional investors.

We monitor the adequacy of the stewardship activities of the investment manager as well.

Principle 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Since our corporate pension fund does not directly select investee companies and exercise voting rights, we request investment managers to develop, disclose and comply a clear policy for managing conflicts of interest and establish governance structures.

We avoid possible conflicts of interest on our corporate pension fund by respecting the decision of investment managers when they exercise their voting responsibilities to us.

Principle 3

Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

We request investment managers to monitor investee companies appropriately toward sustainable growth for the fulfillment of their stewardship responsibilities.

Principle 4

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

We request investment managers to seek to arrive at an understanding in common and work to solve problems through "purposeful dialogue" with investee companies in a constructive manner.

When they engage in the issues of sustainability, they should consciously engage in dialogue that is consistent with their investment management strategies and that leads to the medium- to long-term increase of corporate value and the sustainable growth of companies.

Principle 5

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of investee companies.

Since we are not in a position to exercise the voting rights of investee companies, we request the investment managers to establish a clear policy for voting and public disclosure of the result, and to design it to contribute to sustainable growth of the investee company. We request them to disclose the result of voting activities based on the policy.

Principle 6

Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

We request investment managers to report their implementation status of fulfilling stewardship responsibilities at least once a year and we report the results of it to the beneficiaries of corporate pensions.

Principle 7

To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

We make an effort to have the skill to properly understand and evaluate the stewardship activities of the investment managers.

To contribute positively to the sustainable growth of investee companies, we request the investment managers to develop skills and resources needed to appropriately engage with the investee companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Principle 8

Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.

We are not a service provider for institutional investors.