Governance

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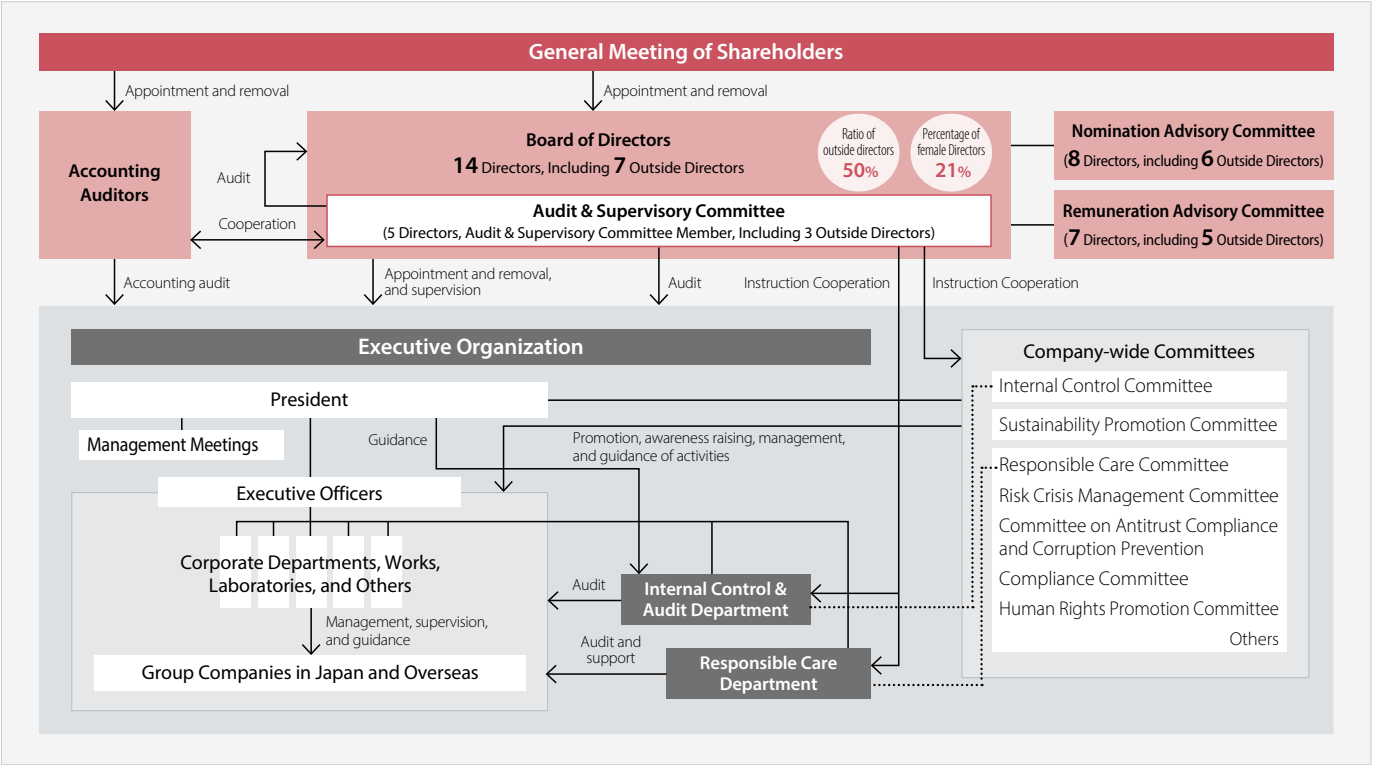
Corporate Governance

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

Corporate Governance Organization

Following our transition to a company with an Audit & Supervisory Committee in June 2025, the Company designated the Audit & Supervisory Committee Members, who are responsible for, among others, auditing Directors' performance of duties, as members of the Board. This has further increased the Board's supervisory capabilities. In addition, we have enhanced the effectiveness of audits related to business execution by strengthening the system of instruction and cooperation between the Audit & Supervisory Committee and the Internal Control and Audit Department, etc. Furthermore, by enabling the Board to broadly delegate its decisions on business execution to Directors, the Board of Directors is now able to devote more time, based on its annual agenda, to in-depth discussions on medium- to long-term management strategies, including our business portfolio.

■ Corporate Governance Organization (As of July 1, 2026)



Corporate Governance Organization

Name	Number of Meetings	Details
Board of Directors	**14** (FY2025)	**Chairperson: Chairman of the Board (The Chairman of the Board does not concurrently serve as Executive Officer.)** The Sumitomo Chemical Board of Directors decides management policy, business strategies, and other important matters concerning the company's management, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders.
Audit & Supervisory Committee*1	**11** (FY2025)	**Constituent members: 5 Directors, Audit & Supervisory Committee Members, including 3 Outside Directors** The Audit & Supervisory Committee Members play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The results of audits and the objective views of Outside Directors who are Audit & Supervisory Committee Members are appropriately reflected in internal audits, Audit & Supervisory Committee's audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing. The Audit & Supervisory Committee's Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Audit & Supervisory Committee Members. In addition to these dedicated staff members, three employees from the Internal Control Department also serve concurrently in support of the Audit & Supervisory Committee, thereby strengthening coordination between the Audit & Supervisory Committee and the Internal Control Department.
Nomination Advisory Committee	**1** (FY2025)	**Chairperson (FY2026): Chairman of the Board** **Constituent members: Outside Directors and the Chairman of the Board, and the President** An advisory committee of the Board of Directors relating to the selection of senior management*2 and the nomination of Directors and Audit & Supervisory Committee Members. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when selecting executives, with the aim of ensuring even greater transparency and fairness in executive selection and also clarifying the process of executive selection.
Remuneration Advisory Committee	**4** (FY2025)	**Chairperson (FY2026): Ms. Muraki, Outside Director** **Constituent members: Outside Directors and the Chairman of the Board, and the President** An advisory committee of the Board of Directors relating to the remuneration system and remuneration levels for Directors and Executive Officers, as well as other related issues. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when determining systems for and levels of executive remuneration, among other issues, with the aim of further increasing transparency and fairness. In addition, upon authorization by the Board of Directors, the committee determines the amount of compensation for each individual senior management and Directors (excluding Directors, Audit & Supervisory Committee Members) in accordance with the policies for determining compensation of senior management and Directors.
Management Meetings	In principle, **24** times per year	**Constituent members: the Executive Officers who are in charge of or who supervise key management functions, the Standing Audit & Supervisory Committee Members, and the Chairman of the Board** Management Meetings support decision making by management as an institution for debating such important issues as corporate strategy and capital investment, including matters to be deliberated in the Board of Directors and reports to be made to the Board. In principle, the meetings are held 24 times a year.

Name	Number of Meetings	Details
Internal Control Committee	**3** (FY2025)	By debating various measures to build or expand internal control systems, and monitoring their implementation status, this committee is intended to continually improve the internal control systems of the Sumitomo Chemical Group.
Sustainability Promotion Committee	**2** (FY2025)	This committee suggests measures to accelerate the Sumitomo Chemical Group's contributions to sustainability, taking in a comprehensive perspective on risks and opportunities with regard to medium- to long-term issues in the environment and society.
Responsible Care Committee	**1** (FY2025)	This committee formulates annual policies, medium-term plans, and specific measures concerning responsible care (safety, health, environment, and quality), including occupational health and safety, process safety and loss prevention.
Risk Crisis Management Committee	**1** (FY2025)	This committee deliberates on policies for specific risks and crises, such as large-scale disasters, pandemics, breakdowns in public security, and cyber incidents.
Compliance Committee	**1** (FY2025)	This committee deliberates on the Group's compliance policies and action plans, and the status of the operation of the compliance system, including responses to internal reports and the results of activities.
Human Rights Promotion Committee	**1** (FY2025)	This committee promotes increasing awareness of human rights issues, and drafts and executes policies to respect human rights in the entire value chain including Sumitomo Chemical Group.

*1 Transition to a Company with an Audit & Supervisory Committee in June 2025. Prior to the transition, the Audit & Supervisory Board met four times in fiscal 2025.

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

Efforts to Substantively Strengthen Corporate Governance

Changes in the Method of Operation of the Board of Directors

Sumitomo Chemical has been continuously improving the operation of the Board of Directors and various corporate governance measures with the primary objectives of further strengthening the Board's monitoring functions and enhancing the transparency and objectivity of management. In particular, we place great importance on making the most of the expertise of Outside Directors, and to this end, we have implemented various measures to reduce the information asymmetry between internal and outside directors by also making use of forums for discussion outside of the Board of Directors. As a result of these improvements, the operation of the Board of Directors and its associated meetings is as shown in the diagram below.

A few days prior to the Board of Directors meeting

Advance briefing

Day of the Board of Directors meeting

Board of Directors
(Standard flow)

Around 8:00 Resolutions

9:30 Reports
- Head office monthly report
- Business sector monthly report
- Report on important proposals

11:00 End

Upon completion of the Board of Directors meeting

Meetings

More than 2/3 of the time in the Board meetings is used for discussions

Expanded Advance Briefings for Outside Directors Organic Coordination with the Board of Directors

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

Report on the Summary of Internal Discussion at a Management Meeting

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

Report to Board of Directors before Deciding on a Major Proposal

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

Opportunities for Informal Discussions

- Directors Discussion Meetings to discuss matters including business portfolio strategy, management strategies reflecting assessments from the capital markets, and Group management, based on the annual agenda
- Study Sessions on Important issues for Outside Directors
- Discussion Meetings between Outside Directors and the Heads of Key Group Companies
- Discussion Meetings for Outside Directors Only

Visits to Production Sites

- Outside Directors visit to our business offices, and Group companies outside Japan



Deepening Management Reflecting Assessments from the Capital Markets

In FY2025, we positioned efforts to enhance corporate value, including improving our assessment by the capital markets, as one of the annual agenda items for the Board of Directors and discussed these matters at Directors Discussion Meetings. Outside Directors highlighted the need for regular monitoring of market assessments, more in-depth discussions on specific measures to upgrade our business portfolio and improve ROIC to enhance corporate value, and the vital importance of having the Agro & Life Solutions Sector and ICT & Mobility Solutions Sector, which we regard as near-term growth drivers, meet expectations from the capital markets. We also held a small meeting between Outside Directors and institutional investors. Taking into account candid feedback from institutional investors, we identified issues to be addressed in order to further enhance discussions by the Board of Directors.

Based on these discussions, in FY2026 we will pursue the goal of "Deepening Management Reflecting Market Assessments." We will enhance our dialogue with the capital markets, bring the insights gained from this dialogue to the Board of Directors for consideration, and deepen discussions on the progress and direction of initiatives aimed at enhancing corporate value. Specifically, we will allocate sufficient time on the Board's agenda for discussions on our medium- to long-term business portfolio strategy and measures to improve ROIC, engage in frank and open discussions, and ensure the steady implementation of the measures decided upon.

Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, the effective utilization of Independent Outside Directors, information sharing between the Audit & Supervisory Committee and the Board of Directors, auditing status on its business execution, the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee, opportunities for Outside Directors to enhance their knowledge and skills, and dialogue with shareholders.

We conduct surveys of each Director to assess the effectiveness of the Board of Directors. Based on the results of these surveys, there is then a frank exchange of views in Outside Directors Discussion Meetings, after which the Board of Directors then conducts a review of its own effectiveness in one of its meetings based on the views expressed in the prior meetings. The results of this review were also reported to and shared with the Management Meeting.

Issues Identified in FY2024	The review and verification of the monitoring process at the Board of Directors	Setting the agenda for strengthening monitoring functions	The enhancement of corporate value by leveraging market evaluations
Initiatives for FY2025	Verify the Board's monitoring of past management initiatives, etc., and further improve it through efforts in conjunction with the various initiatives associated with changes to the organizational structure.	Taking the opportunity of the change in the corporate structure, reduce the number of items submitted to the Board, use the saved time for preliminary discussions on priority management topics at the Board or other meetings, and plan the agenda for the year, thereby strengthening the monitoring capabilities.	● Analyze market valuations in more detail than before, and deepen discussions on capital policy and shareholder return policy. ● Aim to maximize shareholder value by further enhancing engagement with the market and through easy-to-understand disclosure of information.
Results and Evaluation of Initiatives for FY2025	Discussions were held at the Board of Directors meetings and the Directors Discussion Meetings regarding, among other matters, the verification of past major investment projects, the revision of the investment decision-making process based on those verifications, and the follow-up on the results of startup projects.	The Company limited individual matters which require deliberation and reporting to key matters, and established an annual agenda focused on portfolio strategy, etc. following discussions at the Directors Discussion Meetings, etc.	● The Company conducted a more detailed analysis of the capital market's evaluation of the Company and exchanged views on key points of the initiatives for future enhancement of corporate value based on those findings. ● As a new opportunity for dialog, the Company held a small-group meeting between Outside Directors and securities analysts.

Tasks for the next fiscal year: To achieve medium- to long-term growth in corporate value, the Board's monitoring functions should be further strengthened.

Summary: Discussions on key management issues, including the business portfolio, are being enhanced through measures such as revising the criteria for submitting matters to the Board of Directors following the transition to a Company with an Audit & Supervisory Committee, and establishing an annual agenda based on last year's appraisal of the effectiveness of the Board of Directors.

Initiatives for FY2026	Further enhancement of the role of the Board of Directors in driving sustainable growth	● Continue to further enhance opportunities for discussion regarding medium- to long-term management strategies in order to anticipate changes in the business environment, identify the Company's winning businesses, and review its business portfolio in a timely and flexible manner. ● Monitor the progress of the Company's growth strategy, including market and competitor trends as well as the Company's competitive advantages, to support the reliable execution of action plans by management. ● Enhance the sharing of issues identified during internal review processes with the Board of Directors to facilitate more in-depth deliberations.
	Deepening management based on market evaluations	● Enhance its dialog with the market and provide feedback on the content of such dialog to the Board of Directors to deepen discussions regarding gap analysis between the Company's direction and market evaluations, regarding the direction of improvement, etc.
	Further enhancement of the effectiveness of group governance	● Regularly review and discuss the positioning of and its ownership policies regarding each group company within the business strategy at the Board of Directors meetings, with the aim of realizing a more optimal group structure. ● Strive to ensure the effectiveness of group governance while continuously verifying its efficacy.
	Other	● Review the appraisal methods, including the usefulness of objective assessments through third-party involvement and benchmark comparisons.

Remuneration

Remuneration for Directors (excluding Directors, Audit & Supervisory Committee Members and Outside Directors) and Executive Officers shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. In addition, the remuneration for Directors, Audit & Supervisory Committee Members and Outside Directors shall consist of Basic Compensation. The remuneration shall be set at levels which are designed to be objectively competitive to attract and retain outstanding talent while comprehensively taking into consideration such factors as the scale and content of the Company's business and external evaluations of ESG and other non-financial factors. Based on surveys by a third-party organization and other materials, such levels shall be checked annually whether or not to be objectively appropriate.

Executive Compensation Structure

Revision of the Remuneration System

To further strengthen incentives to promote the sustainable enhancement of corporate value, we have revised the remuneration system, focusing primarily on the following two points.

	Increased Share of Variable Remuneration	Introduced Coefficient for ROIC Achievement
Purpose	Strengthen incentives tied to business performance	Rigorous ROIC-oriented management
Revisions	Review mix of fixed and variable remuneration and increase the share of variable remuneration	Add ROIC achievement coefficient to formula for calculating variable remuneration bonus

Mechanisms of Each Remuneration Element

❶ Basic Compensation

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

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

Note: The amount to be paid to each person will be determined by each position

❷ Bonuses

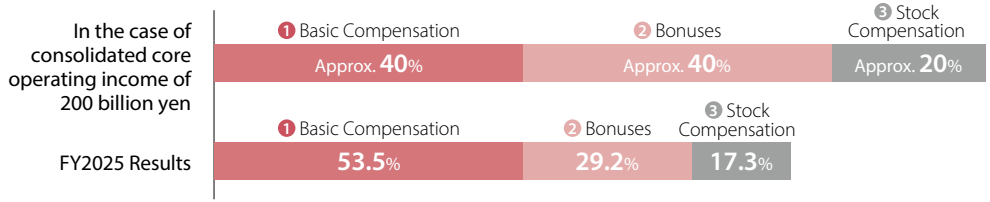
Consolidated performance indicator	Core Operating Income + Financial P&L (dividend income, net interest, etc.)
Calculation formula	Consolidated business performance KPI × Coefficient*1 × ROIC achievement coefficient*2

Note: If a consolidated performance indicator does not exceed a particular level, bonuses will not be paid.
*1 Higher for higher-ranked executives
*2 Flex bonus amount based on coefficient set within the range of 0.8 to 1.3 based on ROIC

❸ Stock Compensation

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

Image Diagram of Composition of Remuneration of Directors (excluding Directors, Audit & Supervisory Committee Members and Outside Directors)



Directors' and Audit & Supervisory Committee Members' Compensation (FY2025)

(Millions of yen)

Title	Number of people	Total amount of compensation	Total amount of compensation by type		
			Basic Compensation (fixed remuneration)	Bonuses (performance-linked remuneration)	Stock Compensation (non-monetary compensation)
Directors (excluding Audit & Supervisory Committee Members) (Of which, Outside Directors)	13 (5)	661 (76)	389 (76)	171 (—)	101 (—)
Directors who are Audit & Supervisory Committee Members (Of which, Outside Directors)	5 (3)	113 (46)	113 (46)	—	—
Corporate Auditors (Of which, Outside Corporate Auditors)	5 (3)	30 (11)	30 (11)	—	—
Total	23	805	533	171	101

Notes: • Payments to Corporate Auditors relate to the period before the transition to a company with an Audit & Supervisory Committee, while payments to Directors who are Audit & Supervisory Committee Members relate to the period after the transition to a company with an Audit & Supervisory Committee.
• The above number of persons and amount of compensation includes four Directors and five Corporate Auditors who retired during the fiscal year under review.

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

Appointment Policy

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

Appointment Procedures

Candidates Selected by Representative Directors
- Representative Directors select candidates suitable for the positions of senior management, Directors and Audit & Supervisory Committee Members in accordance with the Appointment Policy.

Discussion by the Nomination Advisory Committee
- The results of the nomination will be deliberated at the Nomination Advisory Committee and recommended to the Board of Directors.

Decision by the Board of Directors
- The Board of Directors will deliberate based on the advice and make a decision.

Dismissal Policy and Procedures

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

Directors & Senior Management

https://www.sumitomo-chem.co.jp/english/company/executives/

Expertise and Experience of Directors

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

■ Expertise and Experience of Directors

	Position	Expertise and Experience								
		Corporate Management	Business Strategy/ Marketing	Technology/ Research	Global	ESG/ Sustainability	Finance/ Accounting	Human Resources and Labor	Legal/ Compliance/ Internal Control	Knowledge of Other Specialized Fields
Directors (excluding Directors who are Audit & Supervisory Committee Members)										
Keiichi Iwata	Chairman of the Board	●	●		●					
Nobuaki Mito	Representative Director & President	●	●	●						
Keigo Sasaki	Representative Director		●		●		●			● (Corporate Communications)
Takanari Yamaguchi	Director		●	●						● (IT/DX)
Shinoi Sakata	Director			●		●				● (intellectual property)
Atsuko Muraki	Outside Director					●		●	●	
Akira Ichikawa	Outside Director	●			●	●				
Yumiko Noda	Outside Director	●			●		●			
Tetsuji Ohashi	Outside Director	●		●	●					● (IT/DX)
Directors who are Audit & Supervisory Committee Members										
Kenji Ohno	Director					●			●	
Kunio Nozaki	Director				●		●			
Yoshitaka Kato	Outside Director				●		●		●	
Michio Yoneda	Outside Director	●				●				● (Financial Markets)
Masamichi Kamimura	Outside Director					●			●	

Note: The above table shows up to three of the major areas (excluding "Knowledge of Other Specialized Fields ") of each person's expertise and experience with ●.

Internal Control

Status of the Development of the Internal Control System

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

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

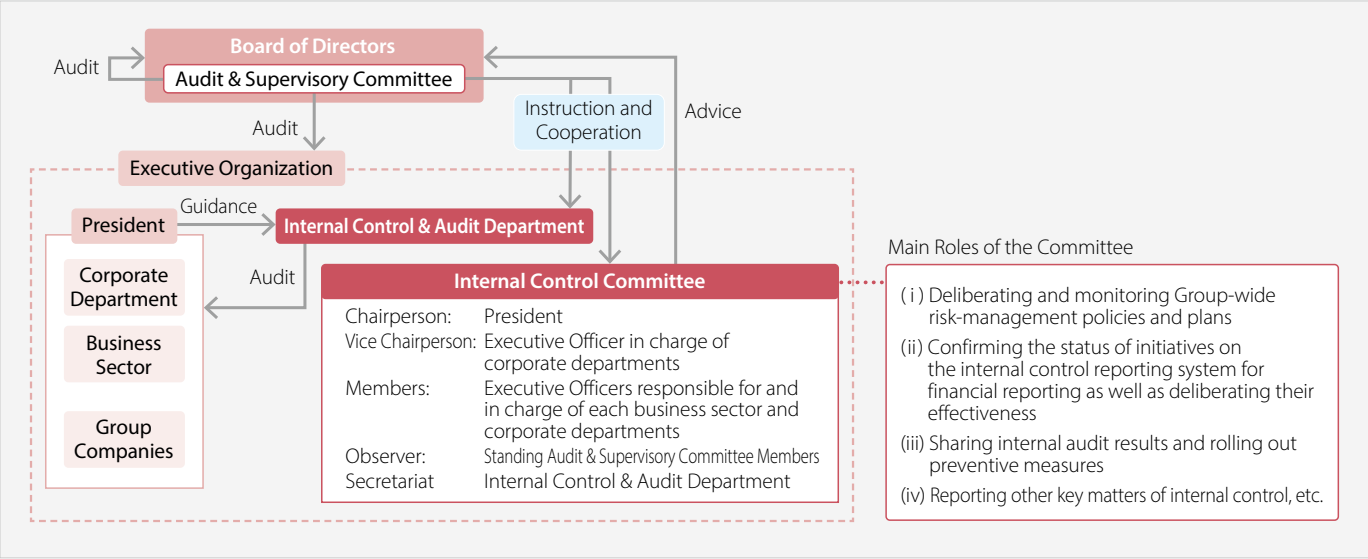
Summaries of the matters covered in the committee are reported to the Audit & Supervisory Committee after each meeting. These summaries are then reported to the Board of Directors for deliberation. In FY2025, the matters shown on the following points were reported to the Board of Directors.

I. Initiatives based on the Basic Policy for Enhancement of the Internal Control System
II. Initiatives related to risk management
III. Policy on internal audits and audit results
IV. Responses to the internal control reporting system for financial reporting, etc.

Basic Policy for Enhancement of the Internal Control System

https://www.sumitomo-chem.co.jp/english/company/files/docs/InternalControlSystem_20250620_e.pdf

■ Internal Control Committee



The Internal Structure Regarding Timely Disclosure

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

Corporate Governance Report

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

Internal Audits

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

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

When Audit & Supervisory Committee Members provide guidance, appropriate inspections and reporting will be conducted in accordance with that instruction to aid the members in auditing operations.

① Internal Audits

Department Conducting the Audits	Internal Control & Audit Department
Objective of Internal Audits	Evaluate whether internal controls are in place, operating, and functioning appropriately from various perspectives, including maintaining the effectiveness and efficiency of operations, ensuring the reliability of financial reporting, and complying with relevant laws and statutes in all business activities
Audit Cycle	In principle, once every 3 – 5 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2025)	• Business process audits: 5 in-house organizations, 8 Group companies in Japan, 13 Group companies overseas • Information system security audits: 5 in-house organizations; 6 Group companies in Japan, 5 Group companies overseas
Sharing of Audit Results and Status of Improvements	• Reported to the Internal Audit Liaison Meeting (Held regularly, three times a year, attended by Standing Audit & Supervisory Committee Members and a number of departments, including the Internal Control & Audit Department, the Responsible Care Department, the Legal Department, the Human Resources Department, the Accounting Department, and the planning & coordination offices of each business sector) • After reporting at the Internal Control Committee (Three times a year), the report is reported to the Audit & Supervisory Committee and the Board of Directors

② Responsible Care Audits

Department Conducting the Audits	Teams of dedicated auditors from the Responsible Care Department
Objective of Internal Audit	Evaluate whether internal controls relating to securing safety, health and environment, as well as maintaining and improving quality for all chemical products over their life cycle, are in place, operating, and functioning appropriately.
Audit Cycle	In principle, once every 1 – 3 years for each separately audited unit
Number of Companies and Organizations Conducting the Audits (FY2025)	10 in-house organizations, 11 Group companies in Japan, 5 Group companies overseas
Sharing of Audit Results and Status of Improvements	• Reported internally as necessary • Reported to the Responsible Care Committee (Held regularly, once a year), and similarly reported to the Audit & Supervisory Committee.

Risk Management

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

Systems for Promoting Risk Management

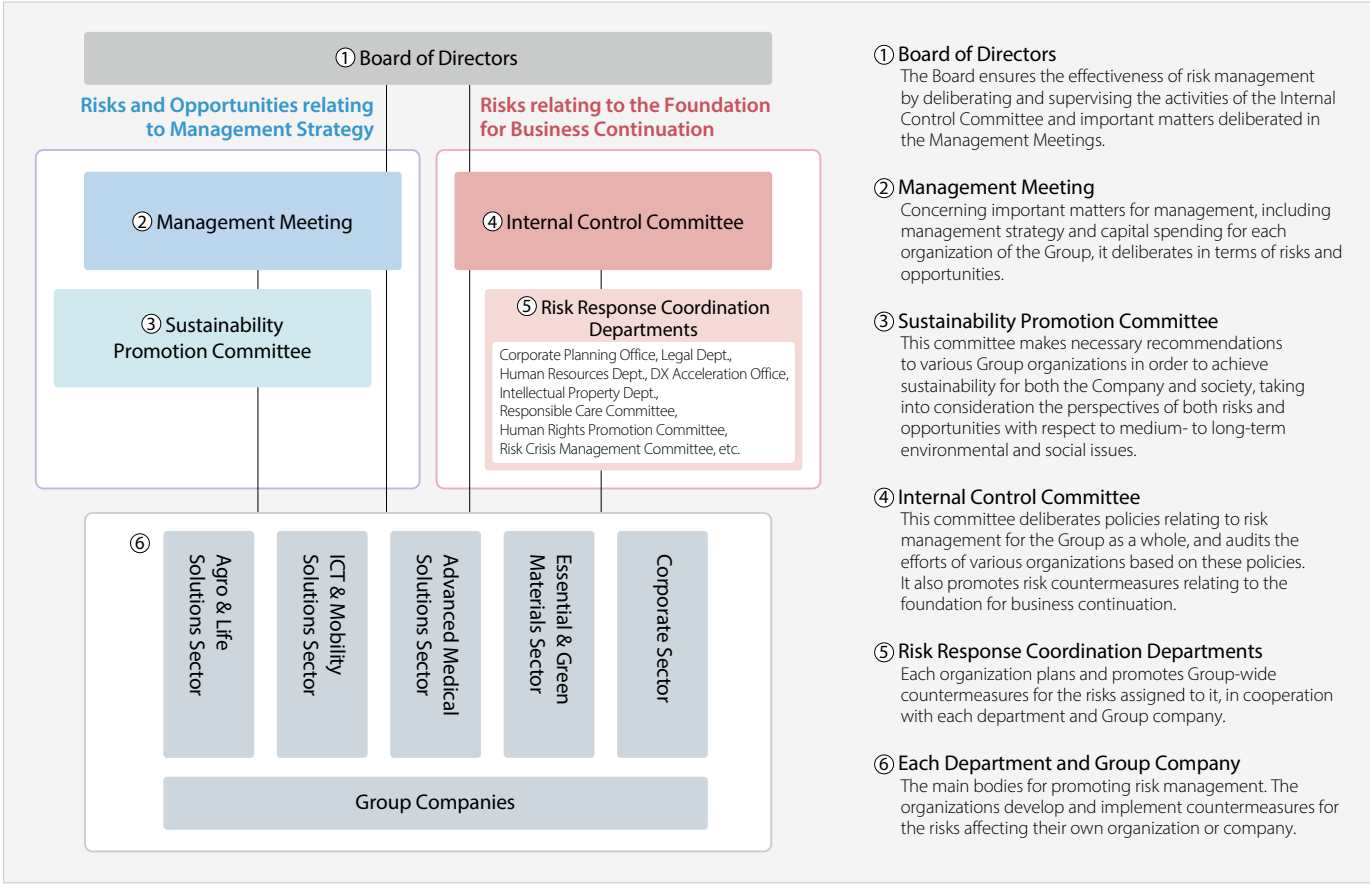
Sumitomo Chemical's Internal Control Committee works together with multiple other committees to implement systems for promoting risk management, under which each Group organization is able to properly manage risks associated with its business operations in accordance with Group policies.

The Internal Control Committee sets policies relating to risk management for the Group as a whole and monitors the efforts of each organization in accordance with those policies. Collecting risk-related information and evaluating it, this committee creates a risk map for the Group as a whole each year, aiming to comprehensively capture the status of risks relating to management strategy and the foundation for business continuation, and coordinate with risk response coordination departments, promoting countermeasures for priority risks relating to the foundation for business continuation, such as earthquakes, workplace accidents, and product-related accidents, on a Group-wide level.

The Management Committee deliberates on important management matters, including management strategies, capital investment, and investment and loans for the Company and its group companies, on a case-by-case basis, regarding risks relating to management strategy that require consideration from both a risk and an opportunity perspective. With regard to sustainability, the Sustainability Promotion Committee* makes necessary proposals on medium- to long-term environmental and social issues to each organization of the group to ensure that the management activities of the group contribute to the realization of sustainability of society and the group itself.

Summaries of the matters covered in the Internal Control Committee and important matters deliberated in the Management Meetings are reported to the Board of Directors.

■ Systems for Promoting Risk Management



* Chairman and Outside Directors, Standing Audit & Supervisory Committee Members participate as observers

Promotion of Group-wide Priority Risk Assessment and Countermeasures

Every year, approximately 110 major organizations within both Sumitomo Chemical and Group companies around the world conduct risk evaluations using a list of risks compiled by the Company to assess the probability of occurrence and the potential impact of various risks that could hinder the achievement of business objectives and create risk maps. Based on the aggregation of these maps, a Group-wide risk map is created.

The department uses this Group-wide risk map to assess important risks that require Group-wide countermeasures and create risk management policies. Risk response coordination departments collaborate to promote the Group's risk management.

In addition, each organization within the Group considers risk countermeasures based on their own risk map and with reference to the Group-wide risk map. As necessary, they take countermeasures in collaboration with the Company's sectors and Risk Response Coordination.

P.031 **Risk Management:** Systems for Promoting Risk Management

Cross-organizational Risks and Crisis Response

We established the Risk Crisis Management Committee to deliberate risks and crisis response policies that affect multiple business sites, departments, and Group companies, such as large-scale disasters (earthquakes, storms, floods, etc.), pandemics, deterioration of security in Japan or overseas (terrorism, riots, wars, etc.), cyber incidents, and other issues.

Initiatives Related to Cyberattack Threats

We have formulated an IT business continuity plan (BCP)* and other BCPs to address cyberattack threats. Through regular drills based on these plans, we are working to engrain procedures while continuously revising and improving the plans.

* A plan to maintain or restore information systems when a large-scale cyber incident or other such event occurs

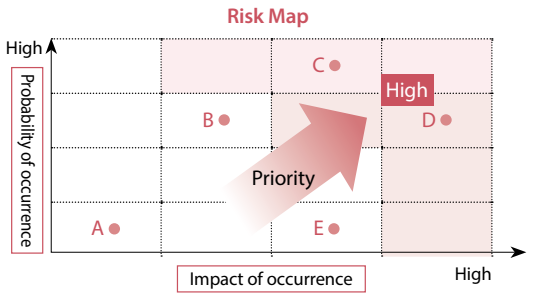
Evaluating Risks and Promoting Countermeasures

Risk Maps Created by Each Internal Department and Group Company

Each organization identifies risks critical to its own execution of duties and advances countermeasures.

Group-wide Risk Map

The Internal Control Committee identifies priority risks that require Group-wide countermeasures and advances them across the Group.



Identify priority risks (C, D) using risk maps that lay out the results of assessments of the probability of occurrence and degree of impact for various risks.

List of Risk Items

Risk response coordination departments have cooperated to create a list of risk items that broadly encompasses the Group's business activities, from management strategies to risks related to the fundamental drive to remain a going concern.

We revise the list every year in line with changes in internal and external conditions and the business environment. By evaluating Group-wide risks using this list, we have achieved systematic and comprehensive risk management.

Field	Example of Risks Included in the List
Business risks	Interruptions in the supply of raw materials, fuel, or products, or service; rapid price fluctuations; industrial reforms; price competition; technological innovations; digital innovations; extreme weather events; changes in standards and rules; rapid fluctuations in demand, imposition of tariffs, import restrictions
Political and social risks	GHG problems; plastic waste problems; transition to circular economy; terrorism; country risks in various nations and regions
Accident and disaster risks	Earthquakes, tsunamis, volcanic eruptions, meteorological disasters (typhoons, tornadoes, floods, hail, etc.) fires, explosions, product-related accidents, environmental pollution, ground subsidence, interruptions in or restrictions of the supply of electricity, gas, water, or other utilities
Legal violation and compliance risks	Bribery, collusion, falsification, scandals, criminal behavior, competition laws violations, export control regulation violations, infringement of intellectual property rights, insider trading, improper receipt of sensitive information and trade secrets
Personnel and labor risks	Workplace accidents, human rights problems, mental health issues, harassment, spread of infectious or contagious diseases
Information security risks	Cyberattacks, system failures, confidential information leaks, personal information leaks
Taxation and financial risks	Tax transparency, volatility of managed assets, interest rate volatility

Risk Factors

https://www.sumitomo-chem.co.jp/english/ir/policy/risk_factors/

Compliance

Basic Policy

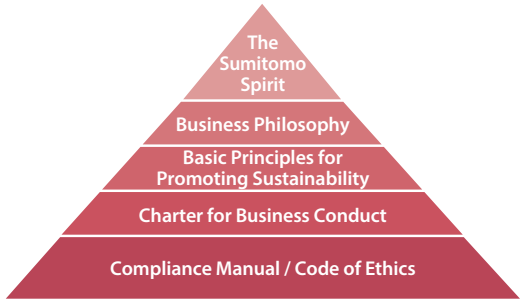
The Sumitomo Chemical Group places compliance at the bedrock of its corporate management. As we engage in business in many parts of the world, all of the companies in the Sumitomo Chemical Group are devoting earnest efforts to stay in strict compliance with not only laws and regulations, but also ethical principles in a business environment. Both the spirit and the letter of ensuring compliance in business activities have consistently been enshrined at Sumitomo Chemical ever since its founding. This unwavering resolve towards compliance is embodied succinctly in the "Sumitomo Chemical Charter for Business Conduct," 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, companies are expected to fulfill their social responsibilities more than ever before. Given the circumstances, all companies in the Sumitomo Chemical Group are making concerted efforts to further compliance activities, under the strong leadership of top management, to further enhance compliance in the Group's business activities on a global basis.

The Sumitomo Chemical Charter for Business Conduct and Code of Ethics Embody the Sumitomo Spirit and Business Philosophy

Sumitomo Chemical has established the Sumitomo Chemical Charter for Business Conduct to embody the Sumitomo Spirit, Business Philosophy, and Basic Principles for Promoting Sustainability. In addition, to better define the Charter for Business Conduct and more clearly explain it to employees, we established the Sumitomo Chemical Code of Ethics (hereinafter, "the Compliance Manual") as corporate rules and distributed it to employees.

Sumitomo Chemical Charter for Business Conduct

https://www.sumitomo-chem.co.jp/english/company/principles/charter/



Sumitomo Chemical Code of Ethics (Compliance Manual)

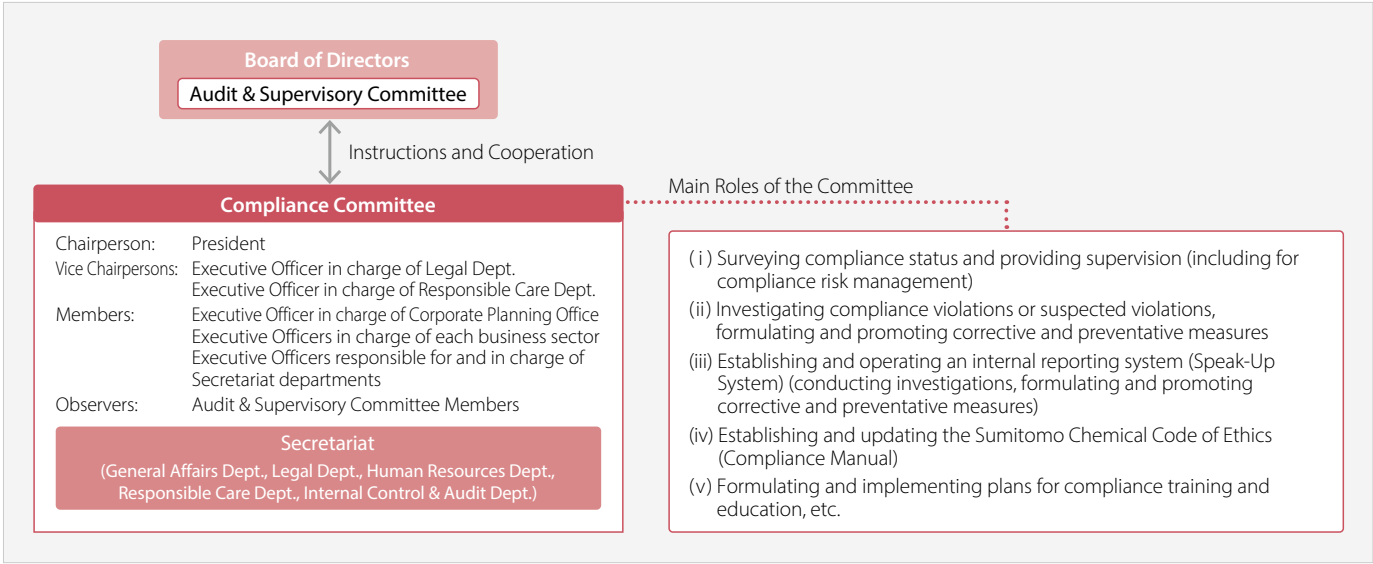
https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/rules_society/

Compliance System at the Sumitomo Chemical Group

(1) Compliance Committee

Sumitomo Chemical has established a Compliance Committee chaired by the President and holds a Compliance Committee meeting at least once a year (or more frequently as needed). Details discussed by the committee are reported to the Board of Directors and Audit & Supervisory Committee, and the committee then receives feedback from them. The committee establishes overarching principles of compliance from a global perspective, and then works with each business sector and Group company, both in Japan and abroad, to build and operate their compliance systems locally in the required manner, according to those global principles.

■ Compliance Committee



(2) Group Compliance Structure Focused on Effectiveness "Think globally, Manage regionally, Act locally"

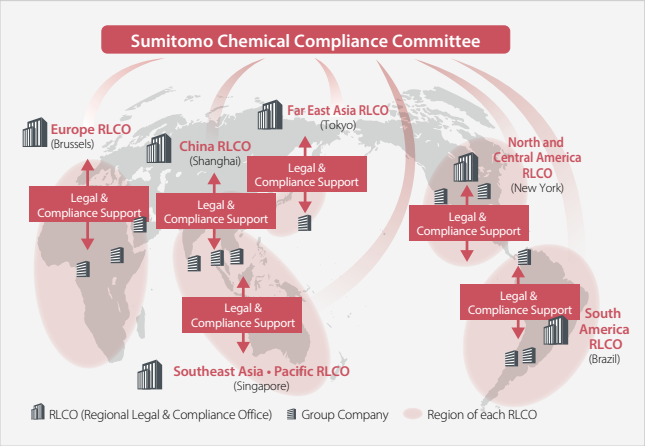
As business globalizes, it becomes more important that the operation of a corporation's compliance system be fine-tuned to situations specific to individual countries or companies. In light of this, we have established Regional Legal & Compliance Offices (RLCOs) in Sumitomo Chemical's major business regions. Grasping the concrete needs and tasks of their respective Group companies, the RLCOs provide hands-on support and guidance, such as helping Group companies set and implement necessary internal rules and procedures, building company compliance systems, and assisting in operations.

(3) Introducing and Operating a Compliance System for the Company and its Group Companies

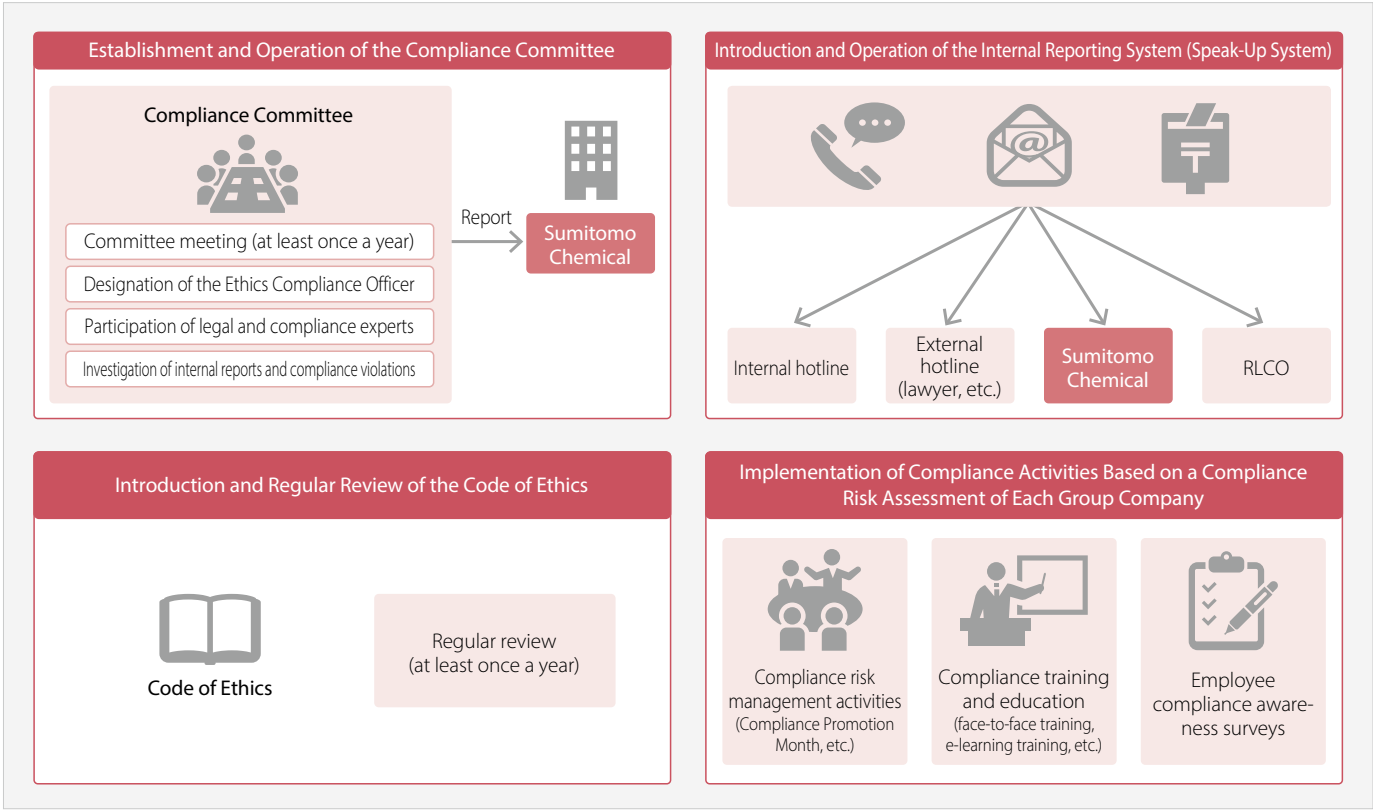
To ensure thorough compliance throughout the entire Sumitomo Chemical Group, it is important that Sumitomo Chemical and its Group companies establish and operate their own compliance systems. Accordingly, we established the Sumitomo Chemical Group Compliance Standards, which outline the compliance systems and activities that serve as our standards. In line with these standards, Sumitomo Chemical and its Group companies are engaged in the following main initiatives.

(i) Establishing and operating the Compliance Committee (including responding to internal reports and conducting compliance violation investigations)
(ii) Introducing and regularly reviewing the Code of Ethics
(iii) Introducing and operating the Internal Reporting System (the Speak-Up System)
(iv) Conducting compliance activities (education, training, etc.) based on a compliance risk assessment of each Group company

■ Compliance System at Sumitomo Chemical Group



■ Compliance System Operations



Internal Reporting System (Speak-Up System)

(1) The Internal Reporting System Is the Key to Ensuring Compliance

In order to detect any compliance violations as early as possible or to prevent them from occurring in the future, the Sumitomo Chemical Group has introduced an internal reporting system (the Speak-Up System) that allows company employees, etc., to report a compliance violation or a suspected violation, either directly to the Compliance Committee or to external lawyers. The Speak-Up System may be used by Sumitomo Chemical's management executives and employees (including contract employees) and their families, Group companies' management executives and employees and their families, former officers and employees of the Company and Group companies, and anyone involved in the Group's businesses (including trading partners).

Furthermore, to receive Speak-Up reports without fail, Sumitomo Chemical has set up Speak-Up Reporting Hotlines to receive reports at (i) the Compliance Committees of each Group company, (ii) RLCOs, (iii) the Compliance Committee of Sumitomo Chemical, and (iv) external lawyers designated by these committees. The person reporting can choose the hotline they think most appropriate. In addition, anonymous reports are also accepted and responded to.

Notes: • Regarding reporting within the European Union, we act in compliance with the various laws and regulations of the European Union or its individual member countries.
• This Speak Up System allows any person for claims (reports) of research misconduct or research financing fraud in studies using public research funds .

(2) Guidance and Oversight by the Audit & Supervisory Committee

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 Audit & Supervisory Committee will regularly, or as needed for important issues, receive reports on these reports and violations, and will provide guidance and oversight. Moreover, to further enhance the independence of whistleblower responses related to top management in line with the Whistleblower Protection Act, whistleblower reports regarding top management are submitted only to the Audit & Supervisory Committee. The Company takes steps to respond to the report while being audited and instructed by the Audit & Supervisory Committee.

(3) Promoting Use of the Internal Reporting System (Speak-Up System)

In its Compliance Manual, Sumitomo Chemical Group makes clear that the Company carries out investigations based on the Speak-Up report with utmost consideration to protecting the privacy of a reporting person and maintaining confidentiality of information provided and that the Company doesn't put the truthful reporting person at any disadvantage, such as dismissal, transfer, or discrimination, on the grounds of having made the report. The manual also states that if someone commits a compliance violation but reports it to the Company of their own volition and cooperates with the Compliance Committee's investigation, the person is eligible for leniency regarding the disciplinary action that would ordinarily be prescribed. We are raising awareness of these facts among employees. 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, any disadvantageous treatment to a reporting person is strictly prohibited, and leniency is possible. In addition, the Committee shares with employees information about how far the Speak-Up System is in use by employees.

(4) Latest Results of the Internal Reporting System

As a result of initiatives promoting use of the reporting system, in fiscal 2025, the total number of reports made to the Compliance Committees of Sumitomo Chemical and its Group companies (including listed companies in which the Company holds a stake of more than 50%) was 213, a year-on-year decrease of 9 reports. Upon its receipt, each report was worked on, and an investigation was conducted promptly and cautiously into the reported incident. If compliance 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 violation incidents and corrective measures actually taken was shared, as necessary, with other companies of the Group so that they could prevent similar incidents from occurring in their workplace in the future.

Number of Reports (Sumitomo Chemical Group*)

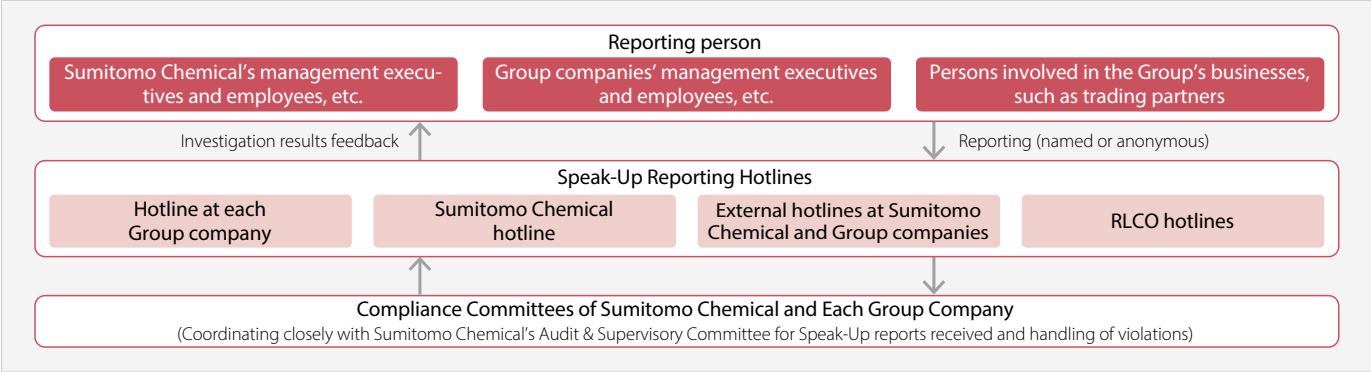
	FY2023	FY2024	FY2025
Number of reports	232	222	213

* Includes those listed companies in which the Company holds a stake of more than 50%

How to Make Use of Speak Up System

https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/forms/

How a Report is Processed under the Internal Reporting System (Speak-Up System)



Response to Compliance Violations

At Sumitomo Chemical and Group companies, when a management executive or employee discovers a compliance violation or suspected violation, the compliance supervisor in the department promptly reports to the relevant department and the Compliance Committee. After submitting a report, an investigation is carried out, and if any compliance violation is discovered, corrective and preventive measures are formulated and rolled out not just to the offending department but to the entire Sumitomo Chemical Group to ensure a recurrence is thoroughly prevented. In addition, the Internal Control & Audit Department and the Responsible Care Department conduct audits from the perspective of compliance. When a compliance violation is discovered through these audits, corrective action is taken directly at that time. In fiscal 2025, there were no major compliance violations related to the Sumitomo Chemical Group's business continuity.

FY2025 Number of Compliance Violations (Sumitomo Chemical Group*)

	Number of Compliance Violations
Number of significant compliance violations	0
Significant violations of antitrust and monopoly legislations	0
Significant violations of anti-corruption legislations	0
Significant violations of laws or regulations in the social and economic area besides those mentioned above	0

* Includes those listed companies in which the Company holds a stake of more than 50%

Results of Main Compliance Activities in the Sumitomo Chemical Group

(1) Compliance Committee Meetings

Sumitomo Chemical and its Group companies have established Compliance Committees, which convene either regularly (at least once a year) or as appropriate. Sumitomo Chemical's Compliance Committee convened on April 17, 2026, and reported its results to the Board of Directors and Audit & Supervisory Committee, from which it received feedback.

(2) Review and Update of the Code of Ethics

Sumitomo Chemical and its Group companies regularly consider revisions to the Code of Ethics (at least once a year). After conducting a review, if there is need for an update, it is made promptly. Sumitomo Chemical conducted a review of the Code of Ethics at relevant departments. In light of these results, we updated the Code of Ethics in April 2026.

Sumitomo Chemical Code of Ethics (Compliance Manual)

https://www.sumitomo-chem.co.jp/english/sustainability/governance/compliance/rules_society/

(3) Compliance Promotion Activities

(i) Compliance Risk Management Activities (Compliance Promotion Month, etc.)

Sumitomo Chemical and some of its Group companies have designated September as Compliance Promotion Month. During this month, all employees in each workplace, including manufacturing, research, 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 that are already in place, they review once again whether or not the measures are sufficiently effective 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 2025 Promotion Month, we highlighted the topic of addressing emerging compliance risks associated with the implementation of the new Corporate Business Plan. Accordingly, we identified risks in each department and formulated preventive measures. Reports on these activities were 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 information on departments with positive evaluations and the details of their initiatives within the Company.

List of Essential Topics of Discussion during the Compliance Promotion Month

Fiscal Year	Essential Topics of Discussion
2016	Fraud risks
2017	Collusion and harassment
2018	Information leaks and management of company assets
2019	Compliance with business laws
2020	Environmental changes caused by the COVID-19 pandemic
2021	Possible improper cases in the processes of one's own department
2022	Information management
2023	Workplaces that are open and where workers can speak up
2024	Workplace culture where both supervisors and subordinates, regardless of position, can actively exchange honest and constructive opinions.
2025	Addressing emerging compliance risks associated with the implementation of the new Corporate Business Plan.

(ii) Compliance Training

In line with its firm belief that strict compliance can only be achieved with each employee having high awareness of compliance, Sumitomo Chemical places importance on carrying out compliance education on a continual basis. This includes training programs geared to management executives at Sumitomo Chemical and Group companies as well as class-based training when someone is promoted. In addition, we conduct face-to-face lecture-style training courses and e-learning training, depending on each company's specific needs and situation. In fiscal 2025, we conducted compliance e-learning training for all Sumitomo Chemical employees (around 7,300 people) with a 100% participation rate. In addition, Group companies in Japan conduct compliance training.

■ FY2025 Compliance Training Status

	Status of Implementation
Sumitomo Chemical	Compliance e-learning training (information leaks, sexual harassment, customer harassment, job hunting harassment, collusion prevention, etc.): 100% participation rate (conducted at all worksites and departments) (already conducted training on promoting employees and individual training related to corruption prevention, quality assurance, safety, logistics, information security, etc.)
Sumitomo Chemical Group*	Percentage of employees who received training related to compliance (attendance rate) Attendance rate at Group companies in Japan and overseas: 94.6%

* Does not include Sumitomo Chemical

(iii) Employee Compliance Awareness Survey

In order to measure the effect of the initiatives listed above, including compliance activities and training, Sumitomo Chemical and Group companies in Japan and overseas regularly conduct employee compliance awareness surveys. In fiscal 2025, Sumitomo Chemical conducted its eighth employee compliance awareness survey. In the fiscal 2023–fiscal 2024 period, Group companies in Japan and overseas conducted similar surveys. Analyses are conducted comparing Sumitomo Chemical with Group companies and Group companies with each other, a process that is intended to lead to the discovery of issues and the setting forth of measures aimed at the further improvement of compliance at each Group company.

(4) Initiatives to Respect Human Rights and Prevent Corruption

An area of our recent focus is to strengthen those initiatives which lead to respect human rights, and initiatives 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 (including bribery and collusion with operators).

(5) Initiatives to Comply with Competition Laws

To fully ensure compliance with competition laws, Sumitomo Chemical has established the Committee on Antitrust Compliance and Corruption Prevention (chaired by the Company's President) to establish and manage competition law compliance systems for the entire Sumitomo Chemical Group under the guidance and supervision of the Board of Directors and Audit & Supervisory Committee. In addition, we issued the Competition Law Compliance Manual and have introduced it at Group companies in Japan and overseas in addition to actively providing training using it.

Moreover, as a general rule, we prohibit management executives and employees of business sectors from interacting with rival operators. We introduced an operator consultation system to permit such interactions only in the event that it is necessary for operations and, in such exceptional cases, that approval has been given in advance. In addition, product sales prices must always be independently set based on our own standards. To ensure this, when revising product sales prices and price formulae, the Company convenes the price deliberation committee, which determines the revisions after thorough deliberation.

■ Status of Implementation for Training Related to Competition Laws (Including Awareness Raising Activities)

	Status of Implementation
Sumitomo Chemical	Already implemented at eligible worksites and business sectors (cumulative total of 32 times since FY2018)
Sumitomo Chemical Group*	Group companies in Japan: 4 companies (implemented in FY2025) Group companies overseas: 6 companies (implemented in FY2025)

* Does not include Sumitomo Chemical

(6) Compliance Audit

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 business division of Sumitomo Chemical, and in each Group company, the Internal Control & Audit Department and the Responsible Care Department conduct compliance audits. Regarding matters discovered during the compliance audits, appropriate corrective measures are taken.

P.099 Respect for Human Rights
P.041 **Anti-corruption:** Initiatives in the Supply Chain
P.046 **Responsible Care:** Responsible Care (RC) Audits

Sumitomo Chemical Group Compliance Action Policy (FY2026)

Under the Sumitomo Chemical Group Corporate Business Plan launched in fiscal 2025, ensuring strict compliance for the entire Sumitomo Chemical Group while maintaining safe and secure operations is a basic policy. Sumitomo Chemical vigilantly monitors and addresses issues in the following areas.

- Appropriate responses to Speak-Up and compliance violation investigations
- Compliance training and educational activities
- Compliance audits

We will steadily implement compliance promotion activities across the Group, further enhance Group compliance, and focus efforts on addressing crossover compliance issues. In this way, Sumitomo Chemical will strengthen and improve the Group's compliance system operations and continue to further enhance its effectiveness.

FY2026 Sumitomo Chemical Group Compliance Action Goals

Items	FY2026 Goals	FY2025 Results	FY2024 Results	FY2023 Results
Internal Reporting*1 (Speak-Up reporting)	Regarding the number of employees per report, maintain 100% compared to the previous fiscal year (151 people per report)	151 people per report	160 people per report	158 people per report
Compliance Training	Conduct compliance training at 95% of Group companies	Sumitomo Chemical*2: 100% Group companies in Japan*3: 94.7% Group companies overseas*3: 96.1%	Sumitomo Chemical*2: 100% Group companies in Japan*3: 92.5% Group companies overseas*3: 95.3%	Sumitomo Chemical*2: 100% Group companies in Japan*3: 95.5% Group companies overseas*3: 80.4%

*1 Includes those listed companies in which the Company holds a stake of more than 50%
*2 Attendance rate (percentage of employees)
*3 Percentage of companies that conducted training

Anti-corruption

Basic Policy

As corporations expand activities across national boundaries, promoting fair competition becomes increasingly important in the supply of goods and services in the international marketplace. As is evident from the ever tightening laws and regulations in the world designed to prevent corruption, such as the FCPA in the U.S. and the Bribery Act of 2010 in the U.K., there is a growing awareness globally that corrupt conduct, such as bribery, should be eliminated by any means necessary. Under the circumstances, Sumitomo Chemical has positioned the prevention of corruption in all its forms, including bribery of public officials, excessive business entertainment and gift-giving, collusion, embezzlement, and breaches of trust as one of the most important issues in ensuring thorough compliance. We are striving to ensure a sustainable and sound corporate climate by enhancing our internal organization to appropriately respond to corruption risks to prevent the occurrence of corruption.

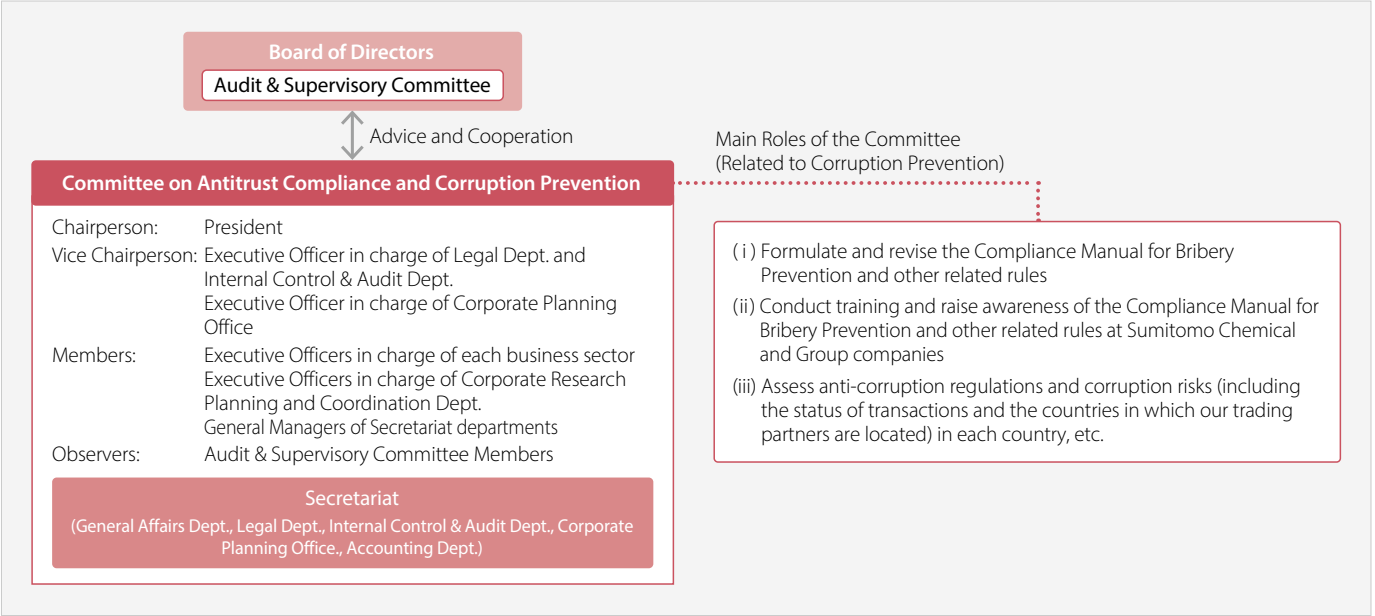
Committee on Antitrust Compliance and Corruption Prevention

Sumitomo Chemical has established the Committee on Antitrust Compliance and Corruption Prevention (chaired by the Company's President) to establish and manage anti-corruption systems for the entire Sumitomo Chemical Group under the guidance and supervision of the Board of Directors and Audit & Supervisory Committee.

In the President's own messages, the committee states its policy and commitment to prohibit all forms of corruption, including bribery of public officials by management executives or employees, excessive entertainment and gift-giving, collusion, embezzlement, and breaches of trust. In addition, we have formulated a Compliance Manual for Bribery Prevention that contains detailed anti-corruption rules. The manual has been disseminated to all Group companies in Japan and overseas, and has been posted on the Company intranet, and periodic training sessions are conducted to ensure thorough compliance among the employees of the Company and its Group companies.

Further, we conduct assessments of anti-corruption regulations and corruption risks in each country, such as the status of transactions and the countries in which our trading partners are located. Based on the results of these assessments, we decide on policies to strengthen measures to prevent corruption, and apply them to the Company and all Group companies.

■ Committee on Antitrust Compliance and Corruption Prevention



Compliance Manual for Bribery Prevention (Outline)

Chapter 1: General Principles

1. Prohibition of Giving Bribes
   It is prohibited to give bribes to a government official or to any other person or entity, including private trading partners.
2. Prohibition of Accepting Bribes
   It is prohibited to accept a bribe. In addition, it is prohibited to request a bribe or gift, entertainment, or other benefit from a third party.
3. Prohibition of Giving or Accepting Excessive Gifts or Entertainment
   It is prohibited to give or accept excessive gifts or entertainment. All forms of gifts or entertainment that may harm the Company's reputation are always impermissible.

Chapter 2: Prohibition of Bribing Government Officials

The provision of any form of improper benefit to a government official may be considered a bribe. Furthermore, various rules are put in place, including those related to the circumstances where any type of gift and entertainment to a governmental official is prohibited, procedures for sponsoring site visits by governmental officials, procedures for giving donations and political contributions, and compliance with local regulations.

Chapter 3: Rules For and During Engagement of Business Partners

It is required to conduct due diligence when the Company engages new business partners or renews engagement of existing business partners, such as agents, distributors and consultants who could interact with government officials in the course of services for the Company. It is also required to fix the appropriate compensation and to take necessary internal procedures when concluding contracts with business partners.

Chapter 4: Proper Keeping of Books and Records

It is required to prepare and maintain appropriate and accurate books and records related to entertainment, gifts, payments to business partners, and other transactions.

Chapter 5: Monitoring Legal Compliance

It is required for each department to ensure thorough compliance, for the Internal Control & Audit Department to conduct audits, and the Committee on Antitrust Compliance and Corruption Prevention to take initiatives. In addition, the Company's executives and employees are obligated to file a report when a violation (or a suspicion of one) is detected.

Chapter 6: Violations

The Company's executives and employees who commit violations of this manual are subject to disciplinary action.

Initiatives in the Supply Chain

In order to prevent corruption in the Group's supply chain, we are making our agents, consultants, distributors, and other business partners aware of our anti-corruption policy by holding regular training sessions when initially engaging or renewing a contract, or at business meetings and other occasions. We also ask our partners to pledge to comply with the policy. In addition, as part of our due diligence procedures, we ask business partners to submit written responses detailing their company's profile and any past corruption problems, and assess the risk of corruption based on these responses. Especially, when we engage a business partner for business, such as in a public tender transaction or in a developing country, with a high risk of corruption, e.g. bribery of public officials, a more detailed risk assessment is carried out, including on-site interviews with the business partner conducted by an outside expert. If it is judged that there is a risk of corruption as a result of the assessment, we conduct awareness-raising activities concerning the prevention of corruption for such business partners, asking them to implement corrective measures such as strengthening the internal rules and organization to prevent corruption, and offering our support for such efforts. (The Company does not engage business partners if the implementation of remedial measures is refused or if there is a strong concern about corruption detected through the assessment process.)

Other Measures

In addition to the above-mentioned measures, we are striving to prevent corruption through the application of internal rules on business entertainment and gift-giving, and the strict application of approval procedures for business decisions and payment.

We have also established and operate an internal reporting system (the Speak-Up System, which allows anonymous reporting) that can be used by anyone involved in our business, including business and trading partners, in order to quickly identify corruption or the threat of corruption, to prevent compliance violations from occurring, and to rectify them as soon as possible. We also inform management executives or employees of Group companies, and business and trading partners, about the use of this system.

Management executives and employees whose corrupt conduct has been confirmed are subject to disciplinary action in light of internal rules. Business and trading partners are requested to rectify such actions, and other measures are taken, such as the suspension of transactions.

Tax Transparency

Basic Policy

The Sumitomo Chemical Group considers paying taxes one of the most fundamental and important social responsibilities of a company. We comply with the tax laws applicable to each country and properly pay taxes in accord with that spirit.

The Group understands that using exceedingly beneficial tax systems in regions or countries with no or low taxes (so called tax havens) hinders the collection of proper taxes in each country. By not using tax havens with the purpose of avoiding taxes and by paying appropriate taxes in the countries and regions where it does business, the Group aims to help spur economic development in those countries and regions.

The Sumitomo Chemical Group has established the Sumitomo Chemical Group Tax Policy to ensure tax transparency and enhance tax compliance.

Management System

The Sumitomo Chemical Group Tax Policy was established to diligently implement initiatives aimed at ensuring tax compliance and transparency, and it is shared with Group companies in Japan and overseas. We comply with the tax laws of each country and region where we do business and strictly and appropriately pay taxes.

Furthermore, important tax issues and strategies are reported to Management Meetings and Board of Directors meetings.

Goals and Results

Corporate Income Taxes Paid

■ Tax Amounts of Sumitomo Chemical Group

(Billions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025
Tax amounts	68.3	65.5	48.3	10.1	27.4

■ FY2025 Tax Amounts by Region of Sumitomo Chemical Group

(Billions of yen)

	Japan	Overseas				Total
			East Asia	North America	Others	
Tax amounts by region	6.9	20.5	13.9	1.5	5.1	27.4

Sumitomo Chemical Group Tax Policy

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/TaxPolicy_e.pdf

P.031 Risk Management

Responsible Care

Basic Policy

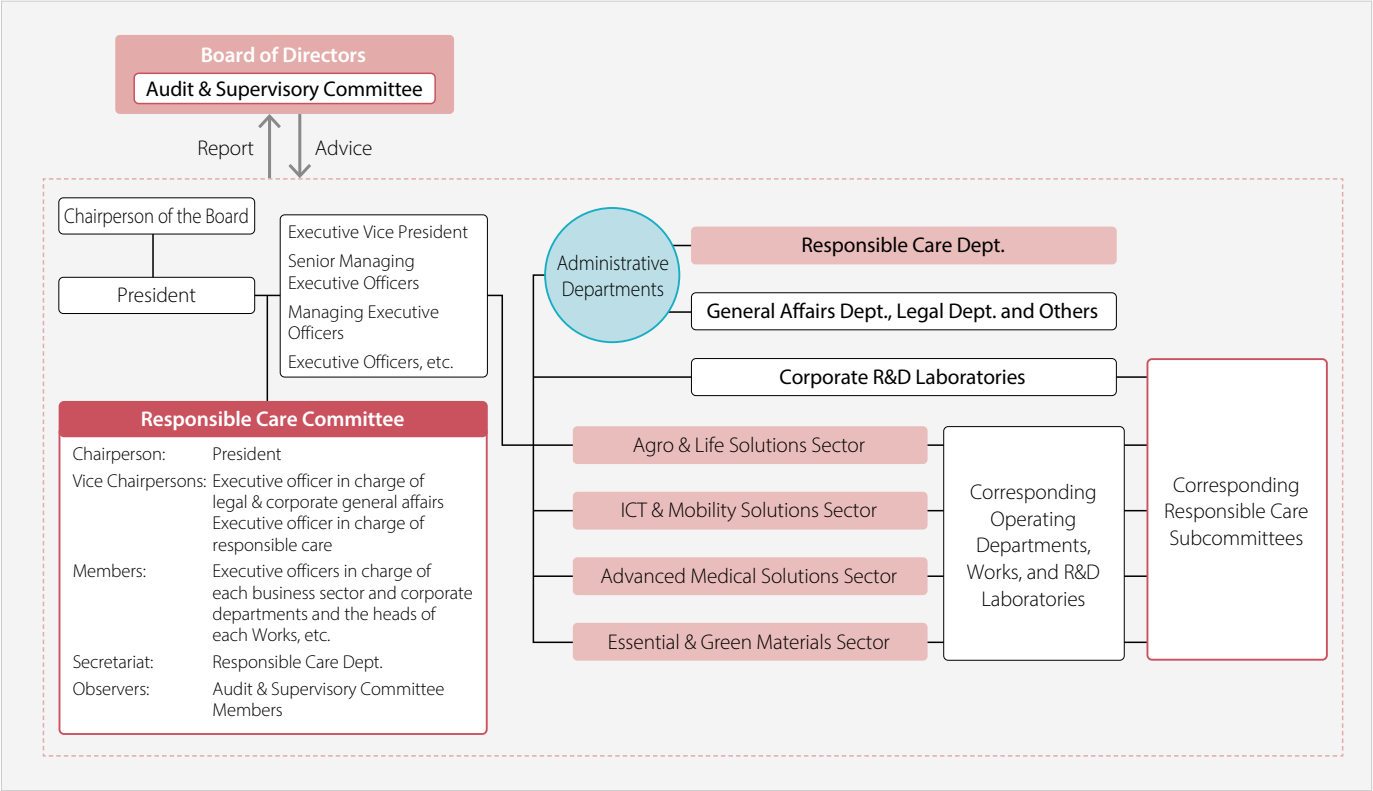
Responsible care (RC) activities refer to the voluntary initiatives undertaken by business operators in the chemical industry, with the goals of ensuring safety, health and the environment throughout the life cycle of chemical products, from development through to the manufacture, sales, use, and disposal after final consumption, maintaining and improving the quality of those products. These activities also strive to gain the further trust of society through continuous dialogue.

The Sumitomo Chemical Group has positioned responsible care activities as one of its most important management pillars. Based on the core principle of "Making safety our first priority," the Group has set goals for each of the following fields: occupational health and safety; process safety and loss prevention; environmental protection; addressing climate change; product stewardship, product safety, and quality assurance; responsible care audits; and logistics. The Group is working to achieve the goals it has set.

Management System

As the body for deliberating and approving Sumitomo Chemical's RC activities, the Responsible Care Committee is chaired by the President and comprises executive officers responsible for and in charge of the administrative departments and the four business sectors of the Company, and the General Manager of each Works, etc. The Committee puts in place annual policies on activities, medium-term plans, and specific measures as they relate to responsible care. The committee also analyzes and assesses the results of responsible care activities. The Committee then reports the content of its meetings to the Board of Directors as appropriate and receives necessary guidance in an effort to enhance its supervisory functions and the execution of its duties.

■ Organization of Responsible Care



Policies and Goals

Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality)

Sumitomo Chemical has set forth safety, health, the environment, and product quality as top priorities for all phases of its business activities in its Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality). This policy has been communicated to all employees of Sumitomo Chemical and its Group companies to ensure that each and every employee is fully aware of it.

Corporate Policy on Responsible Care
(Safety, Health, the Environment and Product Quality)

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/ResponsibleCarePolicy.pdf

Promoting Responsible Care Activities

Sumitomo Chemical shares policies and targets regarding RC across the entire Group. We are working to maintain stable operations with zero accidents and zero injuries as the foundation of our business, which is one of the basic policies outlined in the responsible care medium-term plan. We are also striving to ensure safety, health and the environment throughout the life cycle of products as well as to improve the quality of chemical products the Company manufactures.

At present, we have stationed responsible care specialists at regional headquarters in Europe and the Americas as well as China and the wider Asia-Pacific region. This has enabled us to develop RC activities rooted in each area. We established the Sumitomo Chemical Group's Safety Ground Rules in 2016 as a measure to further secure safety at all Group locations. We have since been working to promote awareness of the rules among all Group employees while further raising the level of Group-wide safety activities and eliminating work-related accidents. Moreover, we strive to ensure the safety of community residents and protect their environment while promoting mutual understanding by providing residents with information concerning our initiatives and engaging in dialogue.

Also, we continually work to develop human resources that are capable of implementing responsible care, for example, through training and practice at each production site and regional headquarters as well as regular meetings attended by the responsible care managers of Group companies in Japan and overseas. In addition, we publish a newsletter that covers various topics and information on accidents and disasters that have occurred within the Group in the hope of preventing similar occurrences. We also promote various kinds of RC activities through RC awards for excellent RC activities of Group companies.

	Medium-term Plan (FY2025-FY2027)
Occupational Health and Safety / Process Safety and Loss Prevention	• Under the slogan "notice, share, and reduce risks," enhance efforts to call attention to risks that may change over time, building a safe organization that is resilient to change • Further utilize safety-focused technical knowledge gained using IT tools to prevent occurrences of similar disasters • Utilize the latest nondestructive inspection technology to eliminate leakage due to corrosion of outer surfaces • Enhance our efforts to prevent the occurrence of industrial accidents and minimize impacts caused by intensifying natural disasters as well as increasingly sophisticated and complex cyberattacks
Environmental Protection	• Promote the prevention of accidents and minimize troubles and reputational damage by thoroughly complying with environmental regulations and establishing a rapid and appropriate trouble-prevention system that is not dependent on individual experience • Advance the sophistication of environmental data aggregation management system to improve the efficiency of data aggregation and promote appropriate information disclosure
Addressing to Climate Change	• Support businesses by calculating and utilizing environmental values (promoting the use of CFP, LCA, SBC, reduction amounts, and more) • Address new issues, such as those related to biodiversity and water risks • Promote Sumika Sustainable Solutions™
Product Stewardship, Product Safety, and Quality Assurance	• Work to address risks through use of the Company's systems, including the comprehensive chemical management system (SuCCESS) • Ensure the soundness of product quality and foster a quality-focused workplace culture to further enhance quality compliance. Furthermore, promptly and reliably conduct product safety reviews to proactively prevent quality issues, thereby enhancing the safety and reliability of products
RC Audits	• Conduct audits to ensure thorough operation of the responsible care management system, steady improvements to its operation, and compliance with related laws and regulations
Logistics	• Work to reduce the number of logistics safety- and quality-related incidents

Note: More details on the key activities and initiative results for each field can be found in the following sections.

Eco-First Commitments

In November 2008, Sumitomo Chemical was the first diversified chemical company recognized as an Eco-First Company in the Eco-First Program promoted by the Ministry of the Environment. In November 2021, we updated our Eco-First Commitments for the third time, reflecting new initiatives related to environmental conservation. We made a declaration regarding this to the Minister of the Environment and are promoting initiatives based on these commitments.



Eco-First Commitments

https://www.sumitomo-chem.co.jp/english/sustainability/governance/responsiblecare/ecofirst/

Results

◉ Very favorable/ ○ Generally favorable

Realizing a Carbon-Neutral Society

◉

Formulated a grand design to achieve carbon neutrality by 2050

- The Sumitomo Chemical Group*1 commits itself to achieving carbon neutrality by 2050, and has established measures to reduce its greenhouse gas emissions by 50% by 2030 compared to the level of emissions in fiscal 2013. We will accelerate reductions in greenhouse gas emissions by approaching the issue from the perspectives of both obligations to reducing our own greenhouse gas emissions and contributions to global society through our products and technologies.

P.053 Grand Design toward Achieving Carbon Neutrality
P.057 Specific Initiatives for "Obligation"
P.061 Specific Initiatives for "Contribution"

◉

Promoting Sumika Sustainable Solutions™

- We are promoting "Sumika Sustainable Solutions™ (SSS)", an initiative to designate products and technologies that contribute to global warming countermeasures and environmental impact reduction. The total sales of products and technologies designated under this initiative have reached 555.6 billion yen in fiscal 2025 (consolidated). In addition, the utilization of SSS-designated products and technologies in fiscal 2025 resulted in a total greenhouse gas (GHG) reduction of 7.1 million tons of carbon dioxide equivalent (CO_2e), with technology accounting for 2.9 million tons and final products accounting for 4.2 million tons.

"Sumika Sustainable Solutions™" Main Products and Technologies

https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/sss/products/

Realizing the Recycling of Plastic Resources and Solving Plastic Waste Problems

◉

Practical application of plastic mechanical and chemical recycling

- We set a KPI for the amount of recycled plastic resources used in manufacturing processes, targeting 200,000 tons annually by 2030.
- To realize the recycling of carbon resources, beginning with plastics, we approach the plastic value chain at each level from the perspective of the 3Rs (reduce, reuse, recycle). Some related technologies have been selected by the Green Innovation Fund Project,*2 accelerating their technological development.

Conducting social contribution activities

- Since fiscal 2020, we have continued to provide education to and raise awareness about resource recycling among all management executives and employees in the Sumitomo Chemical Group. In fiscal 2025, we carried out a total of 60 such social contribution activities as cleaning up areas surrounding our business sites and cleaning up neighboring waterways and coasts.
- At some worksites, we have worked to further engrain clean-up activities in such ways as encouraging competition among teams of employees for awards related to their everyday self-directed litter collection activities.

Participating in alliances

- By collaborating with industry organizations such as Japan Clean Ocean Material Alliance (CLOMA), we address broader issues that would be difficult to solve by ourselves.

P.017 Participation in Initiatives

Management of Chemical Substances and the Promotion of Risk Communication

◉

Reviewing Safety Information on Chemicals and Conducting Risk Assessments

- We publicly release safety information as GPS/JIPS Safety Summary (GSS) and steadily revising the summaries. As of January 2026, we have publicly released summaries on 70 chemical substances. (https://www.jcia-bigdr.jp/jcia-bigdr/en/material/icca_material_list)

LRI*3 Initiatives

- Promoted research by actively participating in the LRI program implemented by the Japan Chemical Industry Association as a member of the steering committee and research strategy planning group.

Enhancing Information Disclosure and Risk Communication

- Published the Integrated Report, Sustainability Report, the Report on the Environment and Safety (at all worksites), local PR newsletters, etc., made information publicly available on the official website, made school visits, accepted student interns, and engaged in dialogue with local residents.

*1 Sumitomo Chemical and its consolidated subsidiaries in Japan and overseas

*2 To realize carbon neutrality by 2050, the Ministry of Economy, Industry and Trade created a 2 trillion yen fund in NEDO. These projects continuously support companies committed to ambitious targets pertaining to everything from research and development to pilot testing and practical application over a 10-year period.

*3 Long-range Research Initiative: Long-term support for research into the effects of chemical substances on human health and the environment

Responsible Care (RC) Audits

Basic Policy

The RC audit is a management system for verifying the proper implementation of RC activities, such as ensuring safety and environmental protection, and maintaining and improving the safety and quality of chemical products. It also promotes process enhancement if areas for improvement are found in those activities.

To promote the Sumitomo Chemical Group's RC global management, RC audit activities are used to study and evaluate duties executed in the course of business and the status of management and supervision from the perspectives of compliance, effectiveness, efficiency, and credibility of financial reporting. By offering advice and proposals for improvement and rationalization through the audit activities, we can prevent compliance violations, corruption, and errors as well as protect corporate assets and enhance operational efficiency. RC audits fulfill the functions of improving management at the Company and Group companies and aid in building, maintaining, and improving the internal control system (responsible audit rules) through the following four-step approach.

Step 1: Sharing Sumitomo Chemical's Business Philosophy
Step 2: Promoting an understanding of and sharing in the Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality); RC management systems; and Group Responsible Care Standards
Step 3: Establishing and developing RC management systems at each Group company
Step 4: Carrying out modifications to the direction and adjusting levels of RC activities by undergoing RC audits

Through face-to-face communication through each of the aforementioned steps, we have successfully provided assistance so that the RC management system is set in place by taking the scale, type of business, and attributes of each Group company into consideration. Relationships built on trust with Group companies that have been nurtured through these RC audits are utilized to enhance individual support, the lively exchange of opinions, and various other initiatives aimed at resolving a wide range of issues at Group companies.

Management System

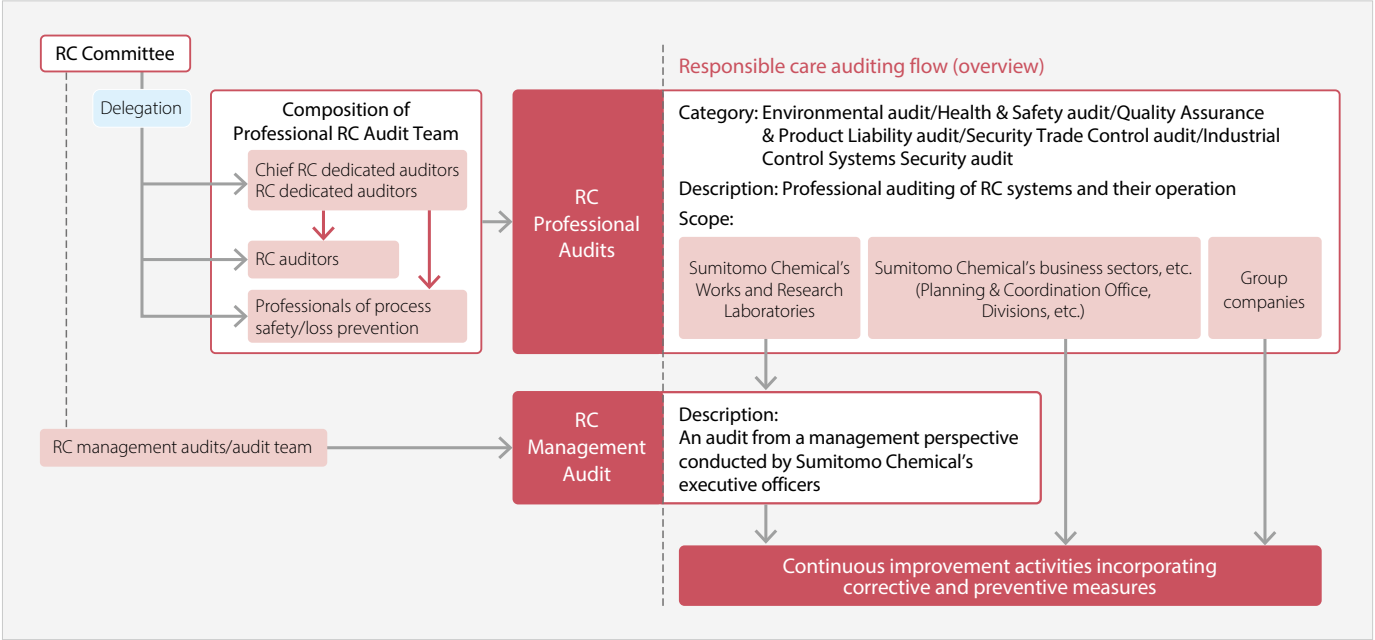
Sumitomo Chemical has an independent RC audit team. The auditors specially designated by the executive officers in charge of RC have a wealth of knowledge, experience, and technical expertise. Based on the RC audit policies and plans approved by the Responsible Care (RC) Committee every year, these auditors conduct audits of internal organizations as well as Group companies in Japan and overseas (consolidated business companies that have been determined to need auditing, Group business companies for which auditing has been requested, and listed Group companies (including their subsidiaries)). In fiscal 2025, we conducted all on-site audits as planned at Group companies in Japan and overseas. RC audits of internal Works and research labs are conducted from a management perspective by an audit team comprising Sumitomo Chemical's executive officers in charge of RC, where the Works and labs report to the audit team and discuss their advancements of corrective and preventive measures against important assessments at RC audit as well as the status and important issues of their responsible care activities.

We continually work to prevent compliance violations, corruption, and errors as well as to improve the management of both Sumitomo Chemical and Group companies while building, maintaining, and improving their internal control systems as needed.

The Scope and Cycle

In principle, RC audits are conducted every one or two years at Sumitomo Chemical's Works and business sectors, and every three years at Group companies.

■ Responsible Care Auditing Framework



Goals and Results

Responsible Care Audit Results (Sumitomo Chemical Group)

Facilities		FY2023	FY2024	FY2025
Professional audits*1	Works and research laboratories	7	7	7
	Independent laboratories	1	1	0
	Logistics centers	0	0	0
	Business sectors	4	3	3
	Group companies in Japan	10	8	11*3
	Group companies overseas	13	3	5*3
Management audits*2	Works, research laboratories, and independent laboratories	8	6	6
Total		43	28	32

Note: Refer to Responsible Care Auditing Framework on page 046 for more details.

*1 Audits of systems and operations by specialists in each field

*2 Audits from a management perspective by Sumitomo Chemical officers

*3 In fiscal 2025, the target group companies consisted of 26 domestic companies (45 facilities) and 28 overseas companies (34 facilities). Selected companies were deemed subject to audit, and on-site audits were conducted accordingly.

Number of Points Raised at FY2025 Professional Audits for Facilities and Business Sectors (Sumitomo Chemical)

Assessment	Facilities (Works, Research Laboratories)	Business Sectors (Head Office Business Sectors)	Total
Good Practice	11	1	12
Needs improvement	53	3	56
Needs to be considered	34	2	36
Total	98	6	104

Cybersecurity

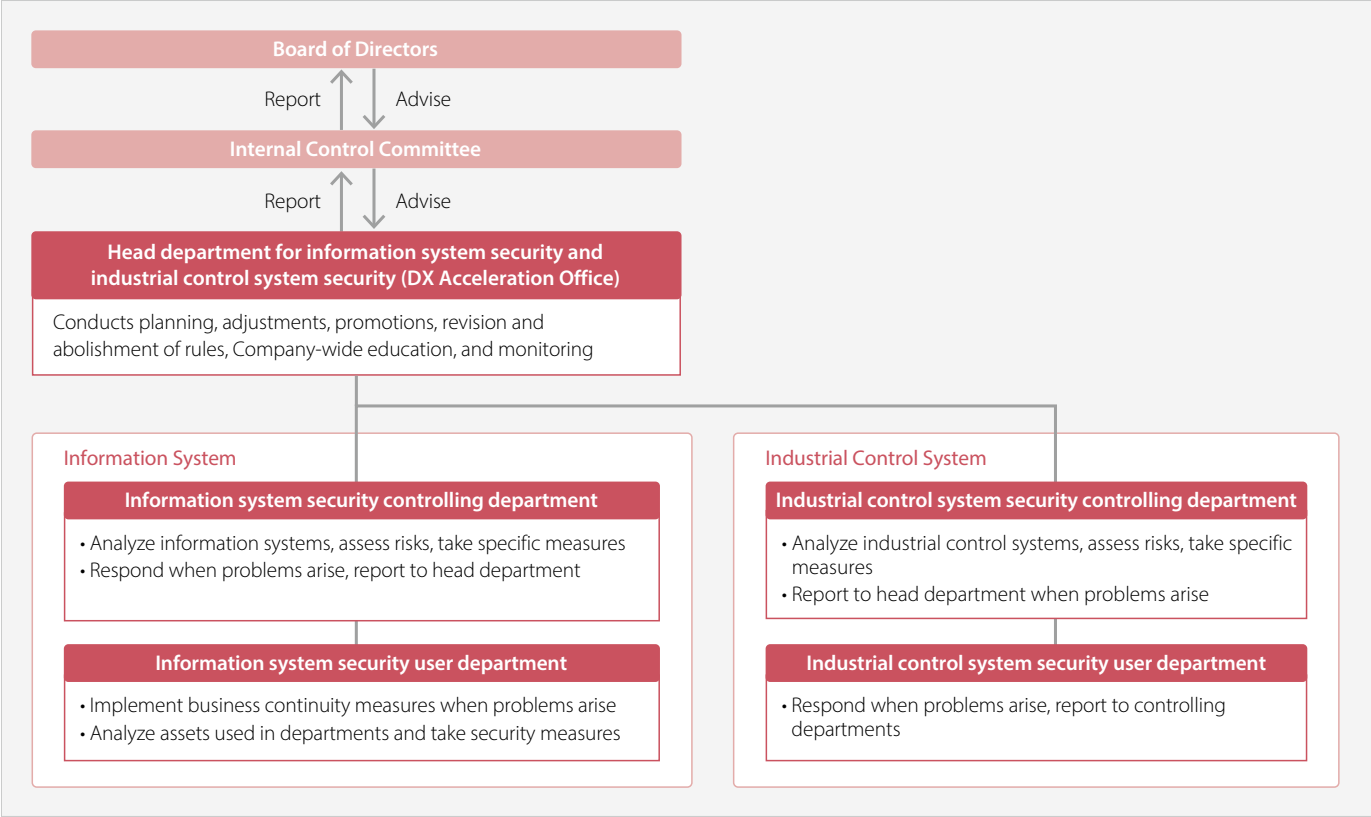
Basic Policy

Sumitomo Chemical has been accelerating Digital Transformation (DX) which seeks to strengthen business competitiveness and create new value through the utilization of IT. At the same time, however, the information system and industrial control system are facing ever greater risks due to skilled and sophisticated cyberattacks. The purpose of cyber security is mainly to prevent data leaks and loss by appropriately managing information systems, to prevent environmental impacts and ensuring health and safety by appropriately managing industrial control systems, and to minimize the impact of security incidents. We regard cyber security as a material issue for management as it works to fulfill its responsibility as a member of critical infrastructure operators, and takes multifaceted system security measures from organizational, institutional, human, technological, and physical aspects.

Management System

Sumitomo Chemical has constructed the following framework for information system security and industrial control system security, and is implementing the PDCA cycle.

■ Security Framework for Information System and Industrial Control System



Goals and Results

We have established a security policy in accordance with the concept of ISMS (Information Security Management System), an international standard for the organization's information security framework.

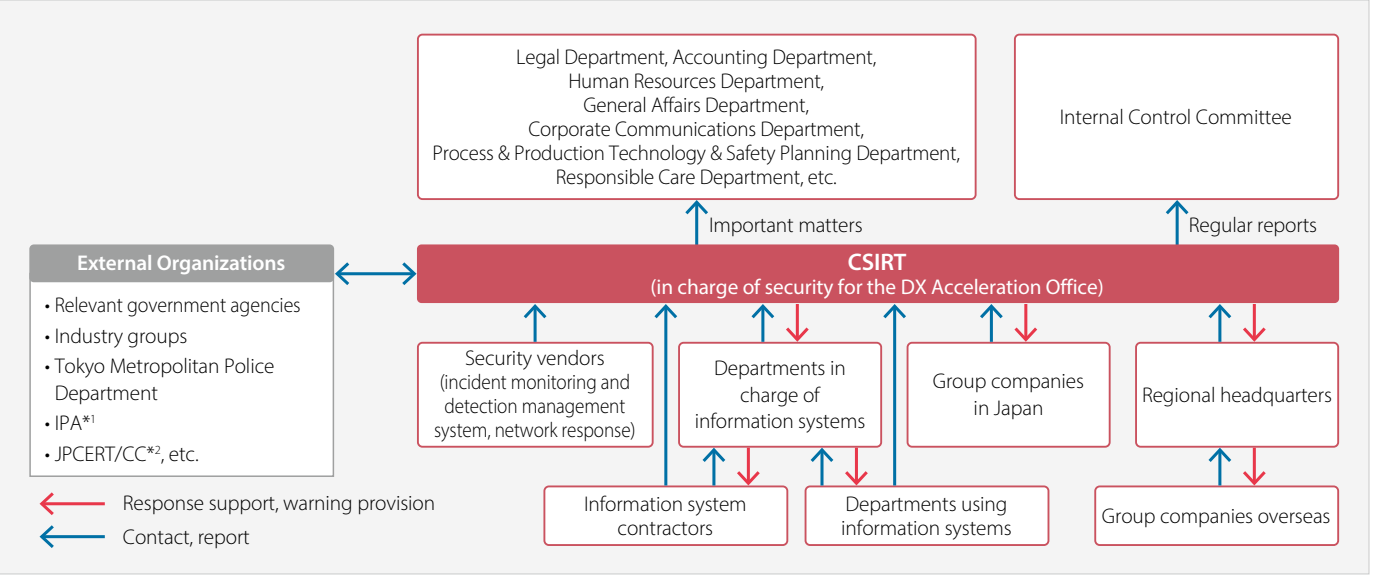
Our basic policy comprises multifaceted security measures (multilayered incident prevention and disaster mitigation), such as those outlined below.

Type of measure	Content of measure
Organizational measures	• Constructed an information system and industrial control system security framework • Constructed an information-sharing framework with inside and outside organizations to ensure preparedness against security incidents
Systematic measures	• Establish general standards and standards related to security, including for Group companies • Periodically conduct security self-inspections and conduct IT security internal audits that encompass Group companies
Personnel measures	• Conduct periodic security education using e-learning system, etc. • Conduct alerts and security incident response exercises
Technological measures	• Implement a range of measures, including access restriction, malware measures, and vulnerability measures, for individual servers and computers as well as networks
Physical measures	• Use cloud servers complete with entry/exit controls and other security features

Examples of Initiatives

We have established a CSIRT (Computer Security Incident Response Team) in the information system and industrial control system security head department (DX Acceleration Office). The team analyzes security information from external organizations, provides warnings to the Group, gathers information on security incidents that occur within the Group, and comprehensively manages the Group's response.

■ Security Incident Response Framework



*1 IPA: Information-Technology Promotion Agency, Japan
*2 JPCERT/CC: Japan Computer Emergency Response Team Coordination Center