Current Priority Management Issues and Business Strategy

June 1, 2018

SUMITOMO CHEMICAL

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President

Contents

Create New Value

Performance Trends

FY2017 vs. FY2016

(Billions of yen)

	FY2016	FY2017	Change
Sales Revenue	1,939.1	2,190.5	+251.4
Core Operating Income	184.5	262.7	+78.1
Operating Income (IFRS)	126.5	250.9	+124.5
Net Income attributable to owners of the parent	76.5	133.8	+57.2
Naphtha Price	¥34,700/kl	¥41,900/kl	
Exchange Rate	¥108.34/$	¥110.85/$	

* Information for FY2016 restated in accordance with IFRS

FY2017 Core Operating Income by Sector vs. FY2016

(Billions of yen)

	FY2016	FY2017	Change	Reasons for Change
Specialty Chemicals	132.1	170.3	+38.2	
Energy & Functional Materials	6.0	19.2	+13.2	Increased shipment volumes of resorcinol and SEP
IT-related Chemicals	8.7	12.3	+3.6	Increased shipment volumes of semiconductor materials
Health & Crop Sciences	47.4	44.0	-3.5	Lower methionine market prices
Pharmaceuticals	69.9	94.8	+24.9	Increased sales of Latuda
Bulk Chemicals	58.9	94.6	+35.7	
Petrochemicals & Plastics	58.9	94.6	+35.7	Improved financial results at Petro Rabigh Improved margins of MMA and others
Others	-6.4	-2.2	+4.2	
Core Operating Income	184.5	262.7	+78.1	

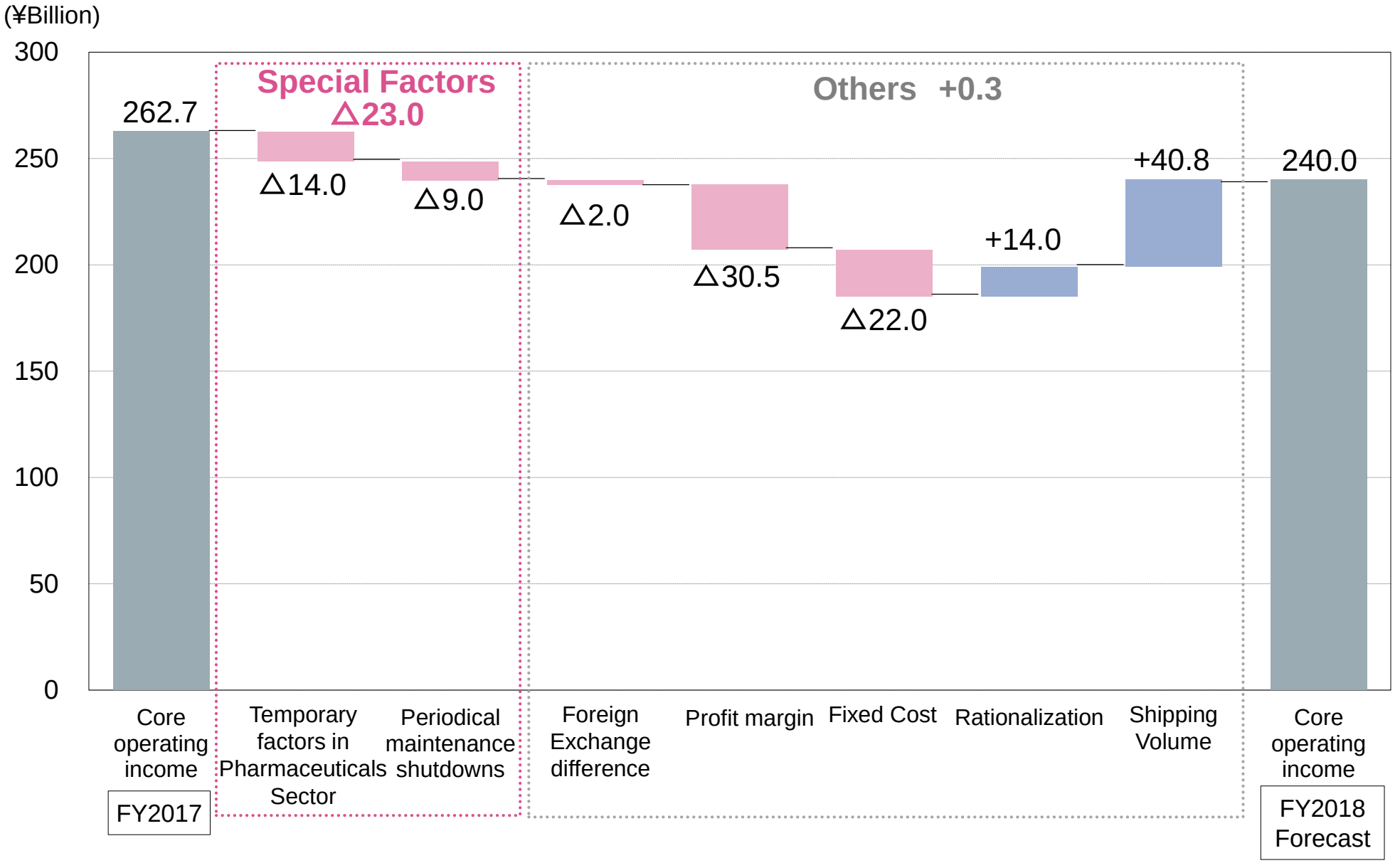
*Information for FY2016 restated in accordance with IFRS

FY2018 Forecast vs. FY2017

(Billions of yen)

	FY2017	FY2018 Forecast	Change
Sales Revenue	2,190.5	2,490.0	+299.5
Core Operating Income	262.7	240.0	-22.7
Operating Income (IFRS)	250.9	205.0	-45.9
Net Income attributable to owners of the parent	133.8	130.0	-3.8
Naphtha Price	¥41,900/kl	¥47,000/kl	
Exchange Rate	¥110.85/$	¥110.00/$	

FY2018 Core Operating Income Forecast vs. FY2017



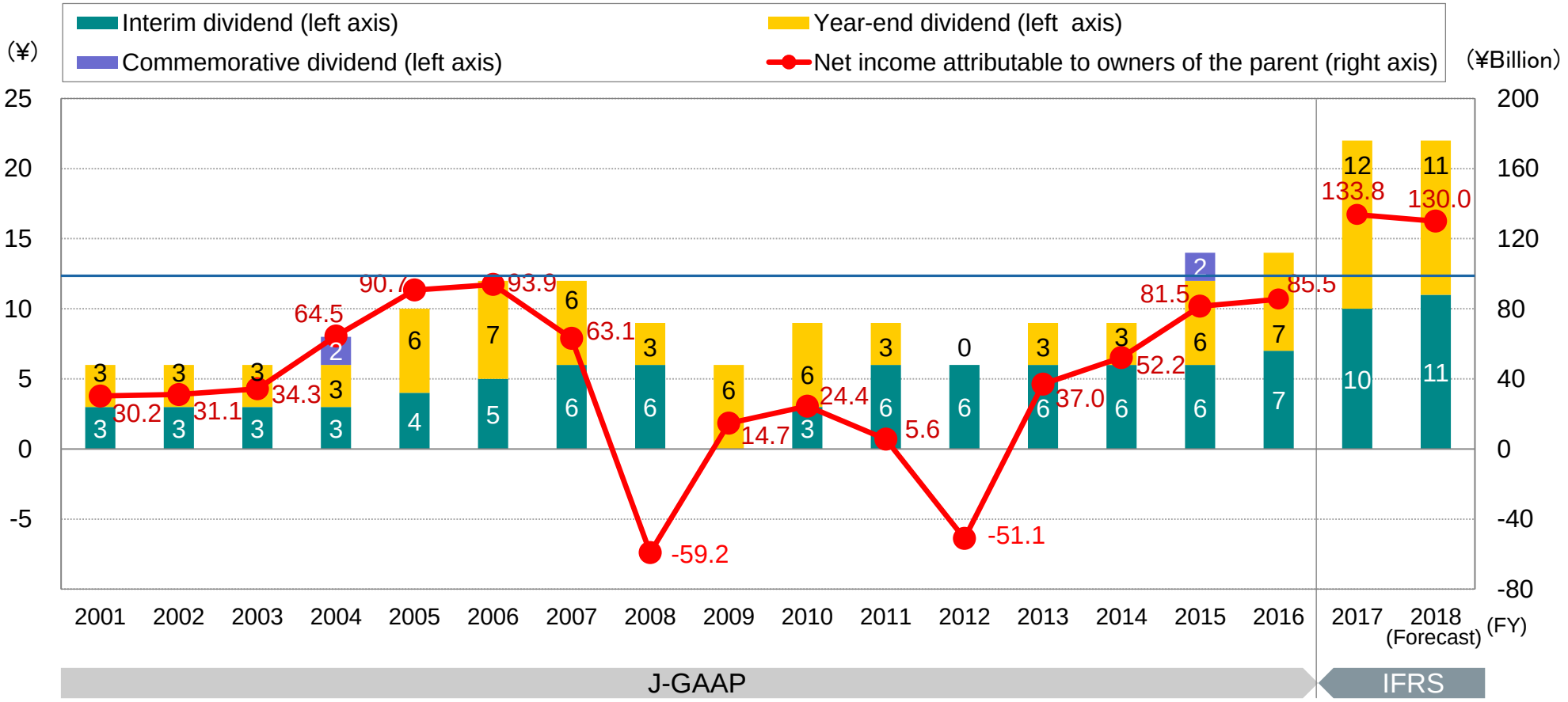
FY2018 Core Operating Income by Sector vs. FY2017

(Billions of yen)

	FY2017	FY2018 Forecast	Change	Reasons for Change
Specialty Chemicals	170.3	180.0	+9.7	
Energy & Functional Materials	19.2	20.0	+0.8	Sales increase of Li-ion battery materials
IT-related Chemicals	12.3	20.0	+7.7	Sales increase of OLED materials
Health & Crop Sciences	44.0	59.0	+15.0	Sales increase of crop protection chemicals and methionine
Pharmaceuticals	94.8	81.0	-13.8	Revision of drug prices
Bulk Chemicals	94.6	63.0	-31.6	
Petrochemicals & Plastics	94.6	63.0	-31.6	Lower margins of MMA and others Periodical maintenance shutdowns
Others	-2.2	-3.0	-0.8	
Core Operating Income	262.7	240.0	-22.7	

Dividend Policy

We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payment, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors.



* J-GAAP used through FY2016, IFRS adopted from FY2017.

Progress on Corporate Business Plan (Overall)

Corporate Business Plan: Basic Policy

Last 10 Years

Pave the way for future growth (Tackle three priority management issues)

- Implemented Rabigh Project
- Launched DSP and acquired Sepracor/BBI
- Established and expanded IT-related Chemicals Sector

Where We Are

Enhance financial strength

- Improve profitability
- Rigorously select investments
- Improve asset efficiency

Restructure businesses

- Exit underperforming businesses
- Improve business portfolio

Where We Are Going

Further improve business portfolio

- Identify areas of strength
- Allocate resources to prioritized areas

Generate more cash flow

- Increase profit above cost of capital
- Make active and disciplined investments
- Streamline balance sheet

Accelerate the launch of next-generation businesses

- Environment and Energy
- Life Sciences
- ICT
- Crossover areas

Globalization → **Promote globally integrated management**

Ensure full and strict compliance, establish and maintain safe and stable operations

FY2018 Forecast vs. FY2018 Target

(Billions of yen)

	FY2018 Forecast	FY2018 Target	Change
Sales Revenue	2,490.0	2,540.0	-50.0
Core Operating Income	240.0	240.0	±0
Operating Income (IFRS)	205.0	190.0	+15.0
Net Income attributable to owners of the parent	130.0	110.0	+20.0
Naphtha Price	¥47,000/kl	¥45,000/kl	
Exchange Rate	¥110.00/$	¥120.00/$	

* Forecast and target both based on IFRS

FY2018 Core Operating Income by Sector vs. FY2018 Target

(Billions of yen)

	FY2018 Forecast	FY2018 Target	Change	Reasons for Change
Specialty Chemicals	180.0	206.0	-26.0	
Energy & Functional Materials	20.0	18.0	+2.0	
IT-related Chemicals	20.0	34.0	-14.0	Stronger yen
Health & Crop Sciences	59.0	89.0	-30.0	Lower methionine prices Stronger yen
Pharmaceuticals	81.0	65.0	+16.0	Sales increase of Latuda
Bulk Chemicals	63.0	39.0	+24.0	
Petrochemicals & Plastics	63.0	39.0	+24.0	Improved margins
Others	-3.0	-5.0	+2.0	
Core Operating Income	240.0	240.0	±0	

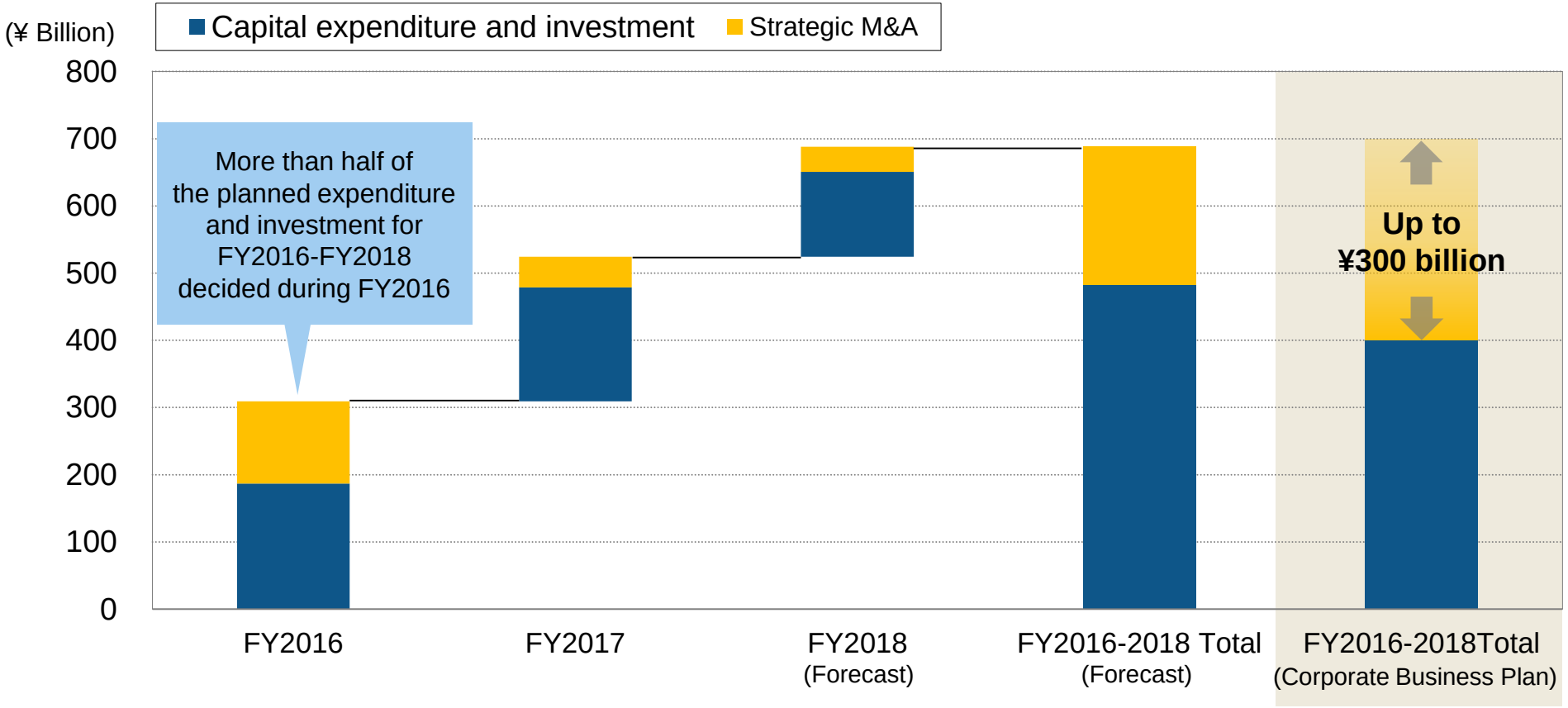
* Forecast and target both based on IFRS

Corporate Business Plan:
Medium- to Long-term vs. FY2018 Performance Targets

	FY2018 Forecast	FY2018 Corporate Business Plan	Medium- to Long-term Targets Consistently achieve the following targets:
ROE	13.4%	12%	over 10%
ROI	7.4%	7%	over 7%
D/E Ratio	approx. 0.7 times	0.6-0.7 times*	approx. 0.7 times
Dividend Payout Ratio	28%	–	approx. 30%
Profit Growth	–	–	over 7% per year

* Including the effects of strategic M&A investments

Capital Expenditure and Investment Forecast for FY2016-FY2018 (decision-making basis)



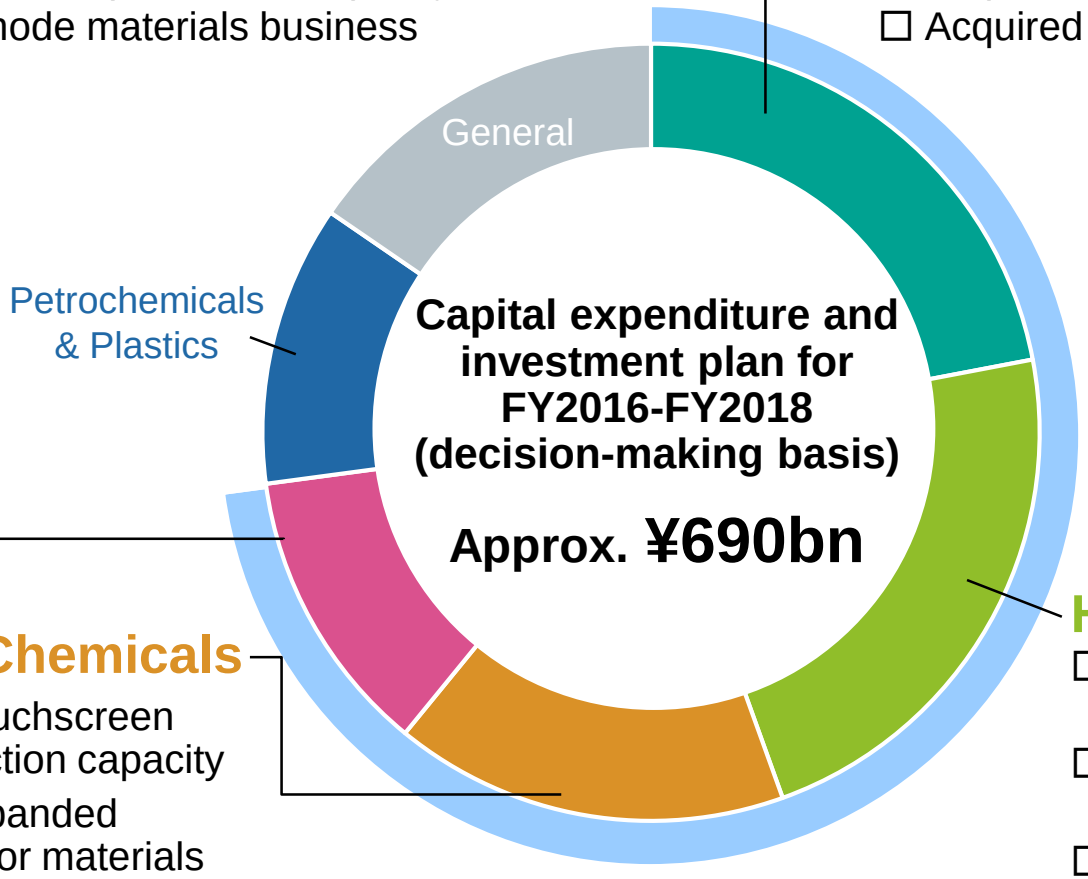
Capital Expenditure and Investment Plan for FY2016-FY2018 (decision-making basis)

Energy & Functional Materials

- ☐ Expand separator production capacity
- ☐ Entered cathode materials business

Pharmaceuticals

- ☐ Acquired Parkinson's disease treatment
- ☐ Acquired a leukemia treatment among others



Specialty Chemicals
Composition ratio: 73%

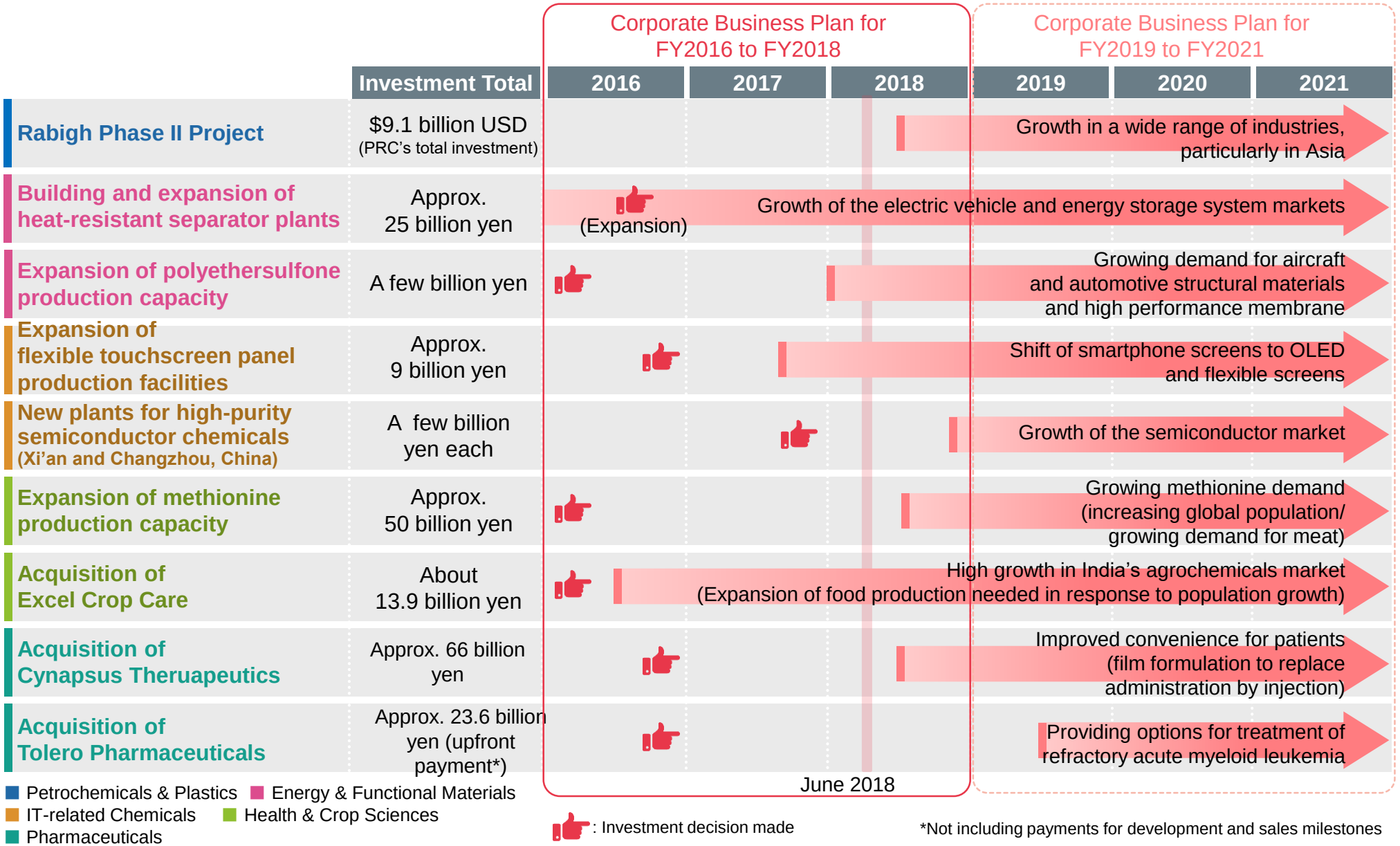
IT-related Chemicals

- ☐ Expanded touchscreen panel production capacity
- ☐ Built and expanded semiconductor materials production capacity
- ☐ Flexible display materials

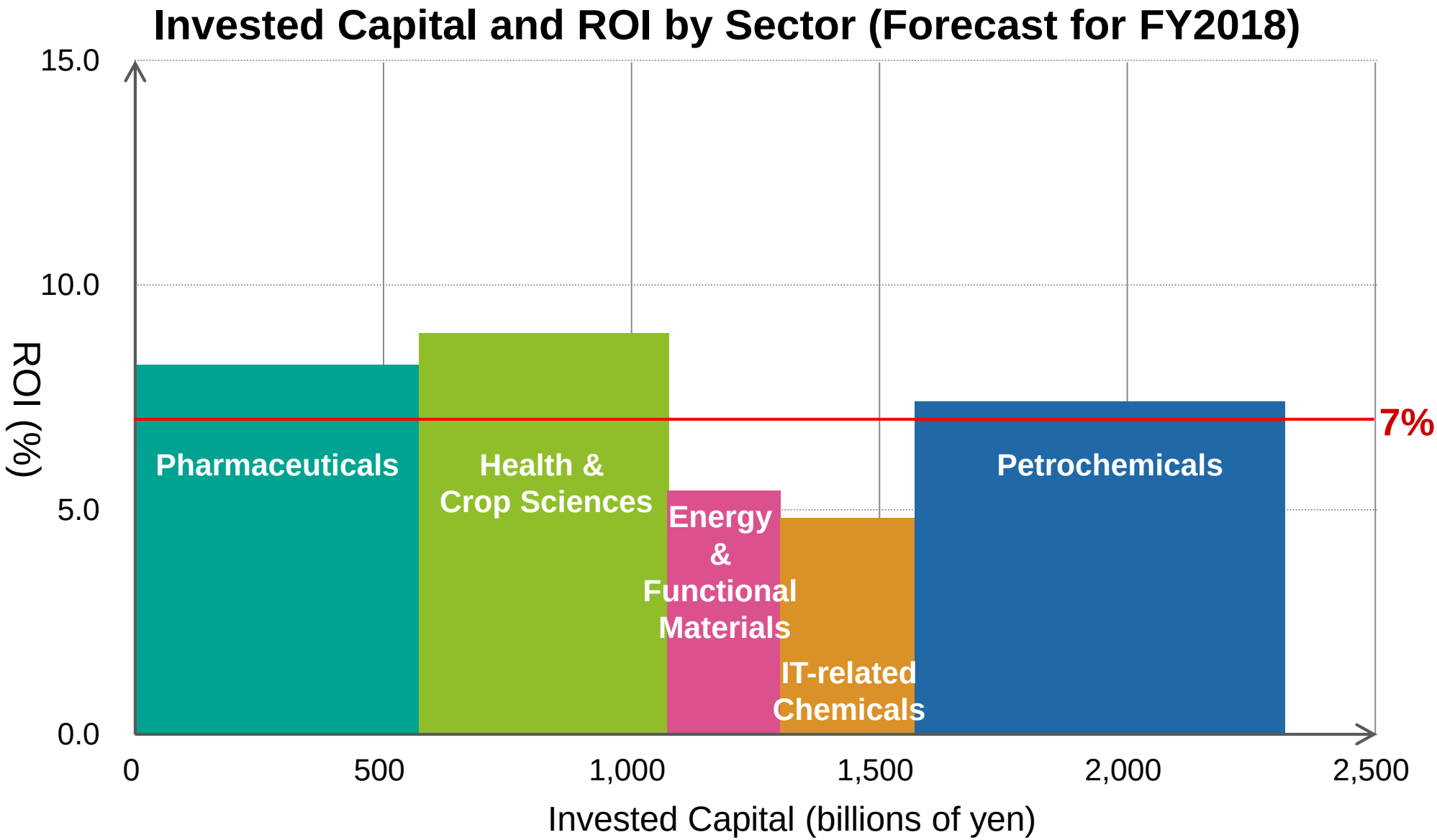
Health & Crop Sciences

- ☐ Increase methionine production capacity
- ☐ Acquired Indian agrochemicals company, Excel Crop Care Ltd.
- ☐ Acquired insecticidal compounds manufacturer Botanical Resource Australia Group
- ☐ Expanded R&D

Major Investments and Commercialization Schedule (Overall)



Current Business Portfolio for FY2016–FY2018



Progress on Corporate Business Plan (by Sector)

Petrochemicals & Plastics: Challenges and Business Strategy

Challenges

- Maintain a high operating rate at Petro Rabigh
- Enhance high value-added business in Singapore

Business Strategy

Rabigh Phase I Project: Stable operation

Enhance high value-added business

Rabigh Phase II Project: Construction and start of operation

Restructure businesses

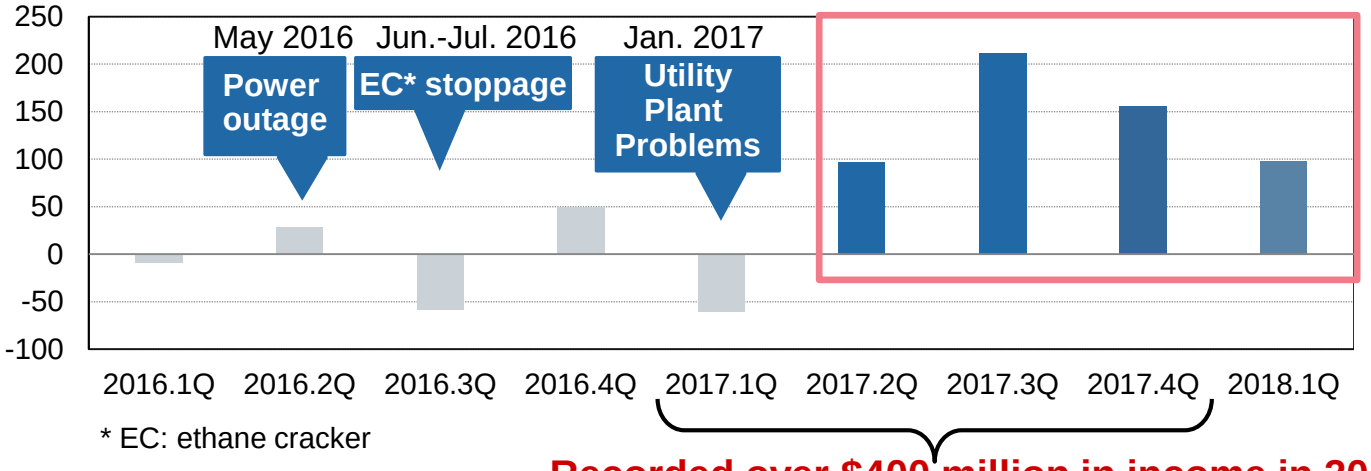
Petrochemicals & Plastics: Progress on Strategic Initiatives

Business Strategy	Progress Status
 **Rabigh Phase I Project: Stable operation**	☐ Maintaining high and stable operation (since Q2 2017)
 **Rabigh Phase II Project: Construction and start of operations**	☐ Plant construction completed, all products complied with specifications
 **Enhance high value-added business**	☐ Modified polypropylene lines (from automotive use to food packaging use) ☐ Launched polypropylene for separators (TPC) ☐ Enhanced polypropylene compounding capacity (capacity expansion in the US and China, new facilities constructed in India)
 **Restructure businesses**	☐ Restructuring of caprolactam business (under consideration)

Petrochemicals & Plastics: Rabigh Phase I Project

Quarterly Net Income/Loss

(Millions of dollars)



Initiatives to Improve Operations

Initiatives	Aims
・Reorganization for integrating operation, maintenance and engineering for electric power system ・Reorganization for integrating maintenance and preventative maintenance for rotating equipment	Improving plant utilization rate and reliability by clarifying responsibilities
・Modification of facilities in vies of operators' skills and possible emergency stoppage (such as blackouts)	Improving the utilization rate of the PE and PP plants
・Duplicate major IWSPP* facilities to achieve redundancy	Stable supply of power and steam

* IWSPP: Independent Water Steam Power Producer

Petrochemicals & Plastics: Rabigh Phase II Project

Progress of the Phase II Project

2009
Memorandum of Understanding for F/S* signed

2012
Feasibility study completed

2015
PF* contract signed; operation of utility plants started

2016
Expansion of EC* completed; full operation

2017
Construction completed

End of 2017
Commissioning

March 2018
All products complied with specifications

As of the end of June 2018
Currently preparing for full operation

Naphtha reformer

Aromatics plant

* FS: feasibility study PF: project finance EC: ethane cracker

Petrochemicals & Plastics: Enhancing the Licensing Business

Technologies Available for Licensing

PO-only Process (Cumene PO-only Process)

- No byproducts
- Higher yields, lower environmental impact

PP Technology

- Stable operations, high quality
- Competitive process for producing PP for high added value applications

Hydrochloric acid oxidation process

- Significant energy saving
- Recycling by-product into raw materials

Licenses Granted

Date	License	Technology
Nov. 2015	S-Oil (S. Korea)	PO-only process PP technology
Aug. 2017	PTTGC (Thailand)	PO-only process

Decision to Enhance Catalyst Production Capacity

	PE·PP Catalyst	PO Catalyst
Start of operations	Q1 FY2019	Q3 FY2019

Tightening of China's environmental regulations → **Growing demand for Sumitomo Chemical's environmentally friendly process technologies**

Petrochemicals & Plastics: MMA Monomer

(1,000 tons)

Saudi Arabia (Petro Rabigh*)

Added production capacity: +90

Existing capacity: 0

* 37.5% owned by Sumitomo Chemical

Korea (LG MMA*)

Added production capacity: +80

Existing capacity: 180

* 25% owned by Sumitomo Chemical,
Sumitomo Chemical's MMA technology licenses

Japan

Added production capacity: 0

Existing capacity: 70*

* Ehime: 40,000 tons
Himeji: 30,000 tons

Singapore

Added production capacity: +70

Existing capacity: 150

Global Production Capacity*

Company	Production capacity
1 Mitsubishi Chemical	1,570
2 Evonik	420
3 Dow Chemical	420
4 Sumitomo Chemical	380
5 LG MMA	260
Others	1,490
World total	**4,540**

* Including new capacity expansion at Mitsubishi Chemical and Petro Rabigh and expansion at LG MMA (Sumitomo Chemical estimates)

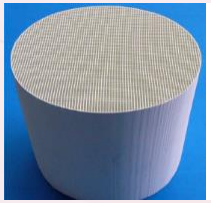
Energy & Functional Materials: Challenges and Business Strategy

Challenges

- Develop the battery materials business into a core business
- Build eco-friendly car components business

Business Strategy

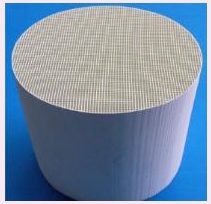
Enhance the lineup of battery materials and increase production capacity



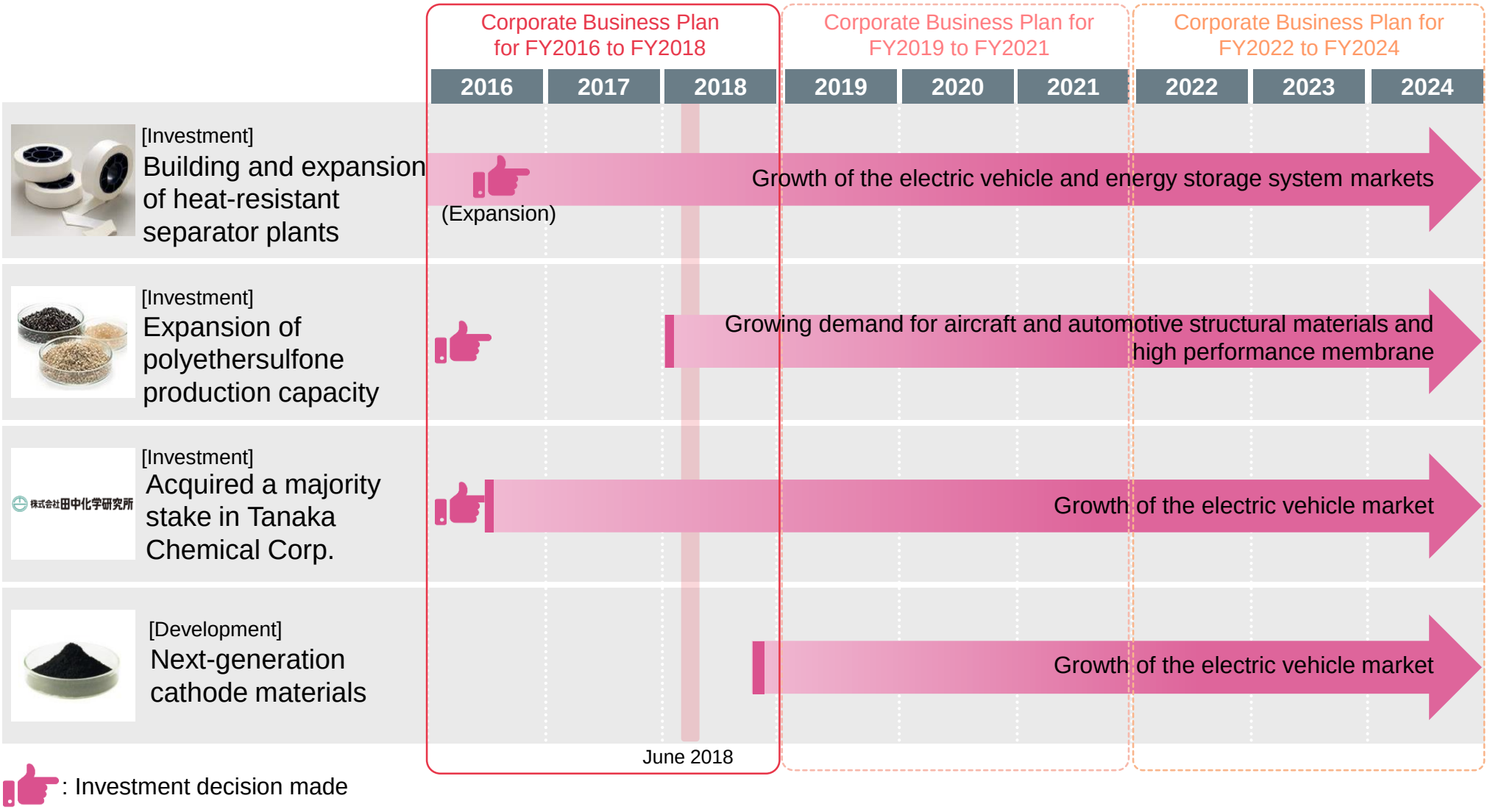
Restructure underperforming businesses

Expand the use of our existing products in eco-friendly car components

Energy & Functional Materials: Progress on Strategic Initiatives

Business Strategy	Progress
 **Enhance the lineup of battery materials and increase production capacity**	☐ Entered cathode materials business (Acquired a majority stake in Tanaka Chemical Corp.) ☐ Expand separator production capacity (Production capacity: 100 million m^2/year to 400 million m^2/year)
 **Expand the use of our existing products in eco-friendly car components**	☐ Expanded PES production capacity (Production capacity: 3,000t/year to 6,000t/year)
 **Restructure underperforming businesses**	☐ Decided to exit the DPF business ☐ Restructured S-SBR business (Established ZS Elastomer Co., Ltd.)

Energy & Functional Materials:
Major Investment and Development Projects and Commercialization Schedule



Energy & Functional Materials:
Initiatives for Enhancing Heat-Resistant Separators Business

Separator Customers	Initiatives for Enhancing Business
Existing Customers	● Expansion of customer base (automotive and energy storage applications) ● Evaluation underway for adoption for rectangular batteries ● Expansion of applications
New Customers	● Evaluation underway for adoption for high-capacity high-nickel batteries

Automotive use

Consumer use

Energy storage system

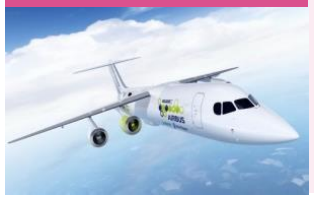
Energy & Functional Materials: Growing Demand for PES

Major Applications of PES

Automotive

- Replacement of metal with compounding, design and molding technology (reduction of component cost and weight)
- Development of new applications

Aircraft



- Increasing use of composite materials in aircraft (significant impact on fuel consumption)

Dialysis membranes

- Increasing demand for dialysis membranes in the US, Europe and China

Expansion of Production Capacity

Summary of PES Production Capacity Expansion

Location: Chiba Works

Production capacity: Approx. 3,000 tons/year*

Construction completed Spring 2018

Commercial operation since April 2018

* Combined with existing facilities at the Ehime Works, production capacity has doubled.

Growing demand, particularly in high value-added applications

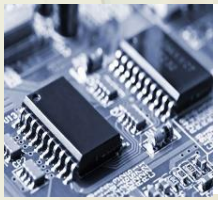
IT-Related Chemicals: Challenges and Business Strategy

Challenges

- Develop and launch new materials supporting the advance of display technology
- Strengthen the foundations of Sumitomo Chemical's semiconductor materials business, which is expected to grow on the back of digital transformation

Business Strategy

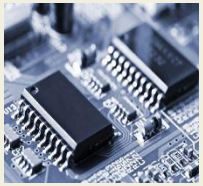
Expand OLED materials and components business



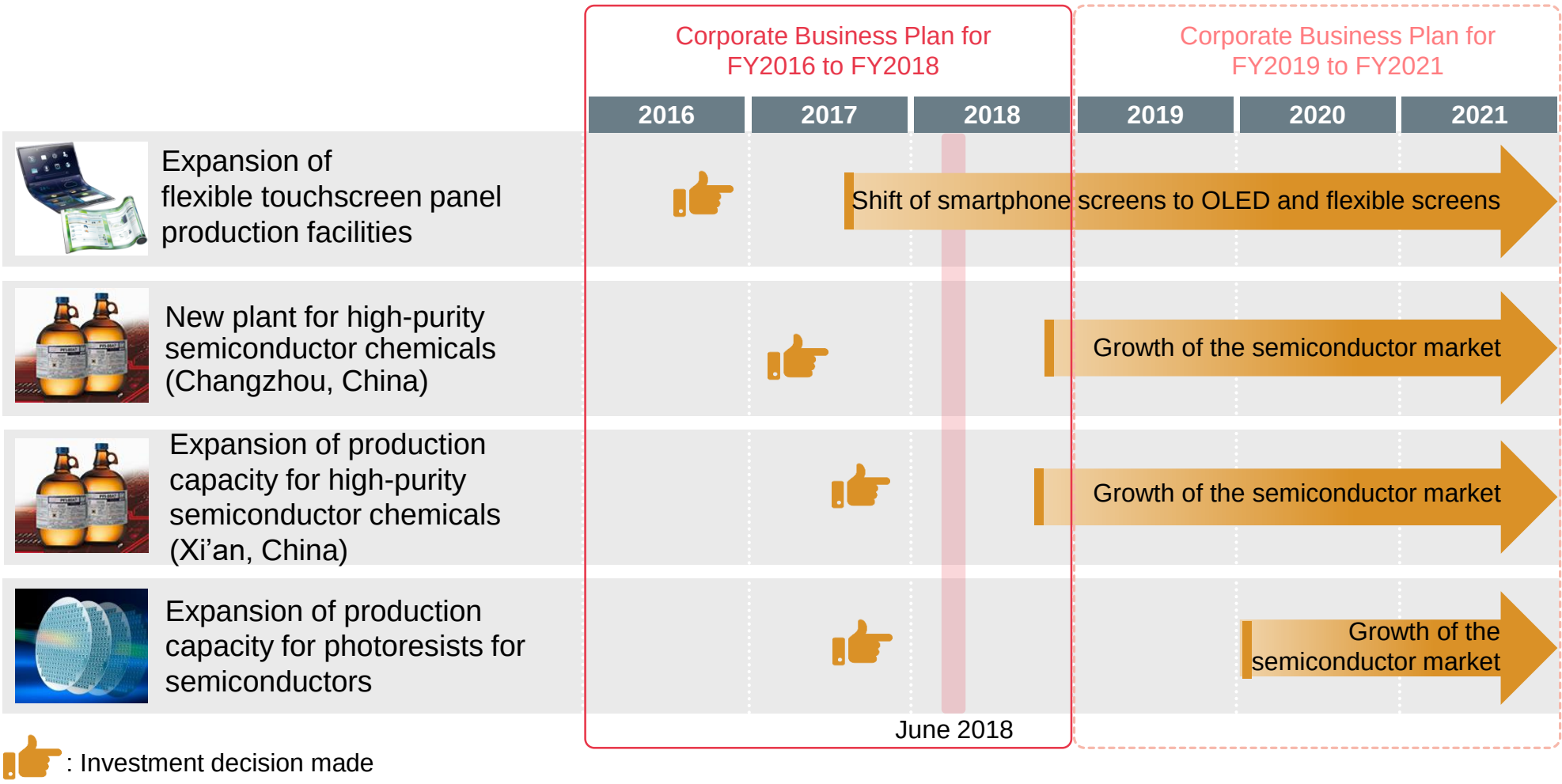
Optimize production capabilities
(for photoresists, high-purity chemicals and other high-performance materials)

Accelerate the development of flexible display materials and components

IT-related Chemicals: Progress on Strategic Initiatives

Business Strategy	Progress
 **Expand OLED materials and components business**	☐ Expanded sales of circularly polarizing film ☐ Launched and expanded applications for liquid crystal coated-type polarizing film ☐ Enhanced production capacity for touchscreen panels (Glass, Film)
 **Accelerate the development of flexible display materials and components**	☐ Studied mass production of window film ☐ Development of multi-functional materials and components in progress
 **Optimize production capabilities (for photoresists, high-purity chemicals and other high-performance materials)**	☐ Expanded production capacity for photoresists (Osaka Works, Dongwoo Fine-Chem) ☐ Expand and strengthen production capacities for high-performance chemicals in China (Xi'an, Changzhou)

IT-related Chemicals: Major Investment Projects and Commercialization Schedule

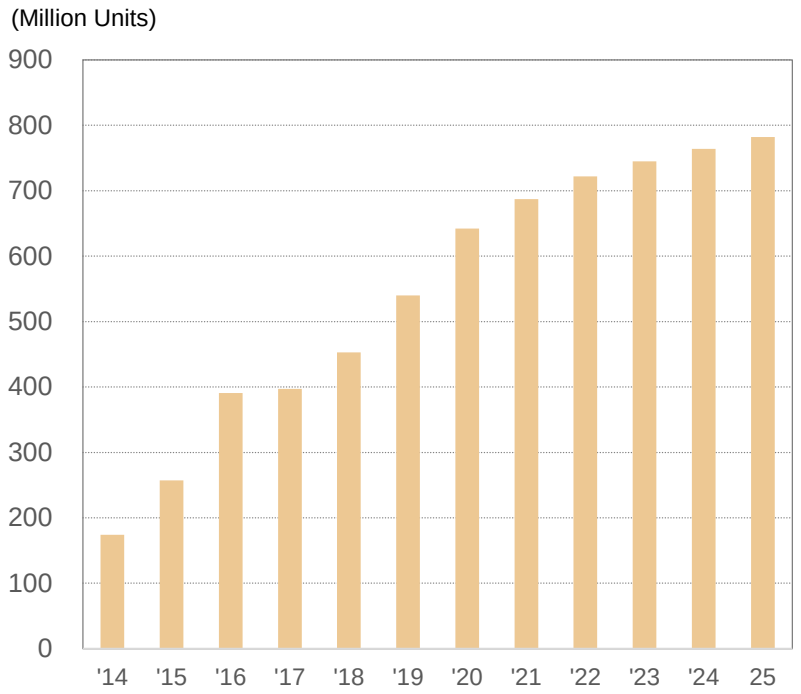


IT-related Chemicals:
Major Development Projects and Commercialization Schedule

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Corporate Business Plan for FY2016 to FY2018			Corporate Business Plan for FY2019 to FY2021			Corporate Business Plan for FY2022 to FY2024		
 Flexible display materials				Growing demand for flexible displays (devices)					
 PLED light-emitting materials (for medium-size displays)				Shift of notebook PC displays to OLED screens; increasing use of OLED displays in cars					
 PLED light-emitting materials (for large-size displays)				Growing demand for OLED TVs					
			June 2018						

IT-related Chemicals: OLED Panel Market and Sumitomo Chemical's Products

OLED Panels for Smartphones



OLED market expected to expand after 2018

Smartphone Technology Trends and Sumitomo Chemical's Products

	FY2018	FY2019 and Beyond
Tech Trend	Full-face display	Flexible
		
Sumitomo Chemical's Products	• Touchscreen panel (glass and film) • Circularly polarizing film • Liquid crystal-coated polarizing film	• Window film • Liquid crystal-coated polarizing film • Flexible touchscreen panel

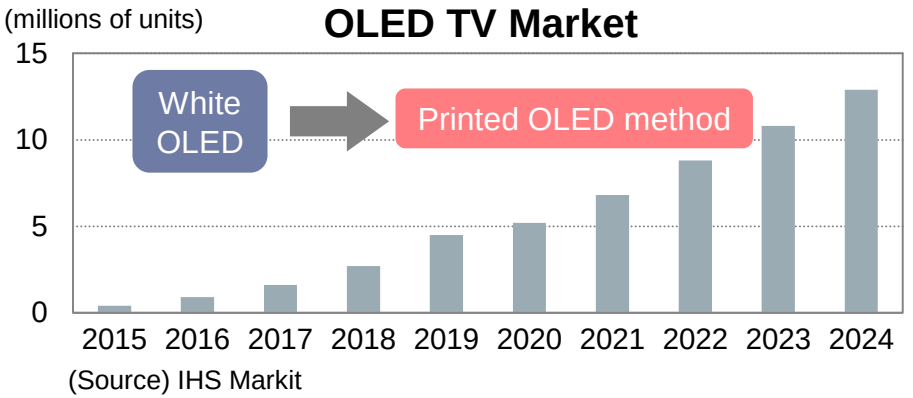
Strong growth expected in sales of OLED-related materials

(Source) Data based on IHS Markit, Technology Group, Display Long-term Demand Forecast Tool, Q4 2017.
Results are not an endorsement of Sumitomo Chemical. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

IT-related Chemicals: Commercialization of Polymer OLED Materials

LG Display's Plan for OLED Investment

Guangzhou Works, China	Paju Works, South Korea
Substrate size: Gen. 8.5 Total investment: 2.6 trillion won* * LG Display invested 70% of the total investment.	Substrate size: Gen. 10.5 Total investment: 2.8 trillion won* * For TFT substrate production equipment only
Expansion of White-OLED	Printed OLED* etc. under consideration *Starting consideration of pilot production

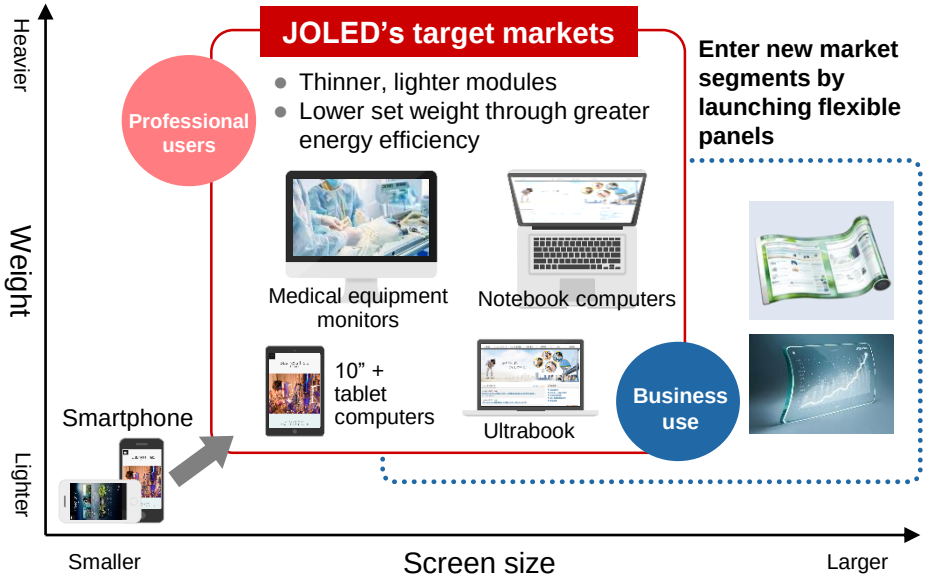


(Source) IHS Markit

JOLED Started Shipment of Mid-size OLEDs

Product: 21.6" 4K

Features: 1. RGB printing method (polymer LED materials)
2. Low power consumption (self-luminous)
3. High picture quality (high brightness, high contrast)



Display manufacturers are considering investment for constructing large-scale commercial production facilities

IT-related Chemicals: Restructuring the Polarizing Film Business

Acquired a Majority Stake in Chinese Polarizer Raw Film Manufacturing Affiliate

Summary of Acquision

- **Shares acquired:** 51% (Shareholding ration after acquisition: 98%)
- **Acquisition date:** June 2018

Xuyou Electronic Materials Technology (Wuxi) Co., Ltd.

Founded: October 2016

Location: Wuxi, China

Business: Manufacturing and sale of polarizing films

Ensuring the Sustainability of the Polarizing Films Business

1. Restructure Production Capabilities

Current

Pursuing optimization at the level of each production line (Korea, China, Taiwan)

Xuyou Electronic Materials Technology becoming a majority-owned subsidiary

Future

- Prioritize the optimization of the production line in China, the largest polarizer market
- Use freed-up capacity in China for optimization of the overall production capabilities including existing lines

2. Enhance High Value-added Business

- Expand sales of polarizing film using our materials
- Development business in automotive applications
- Expand OLED materials business

Health & Crop Sciences: Challenges and Business Strategy

Challenges

Build a global business foundation as a solution provider in crop protection and environmental health businesses

Business Strategy

Enhance our global footprint

Expand our differentiated businesses (biorational and rice businesses)

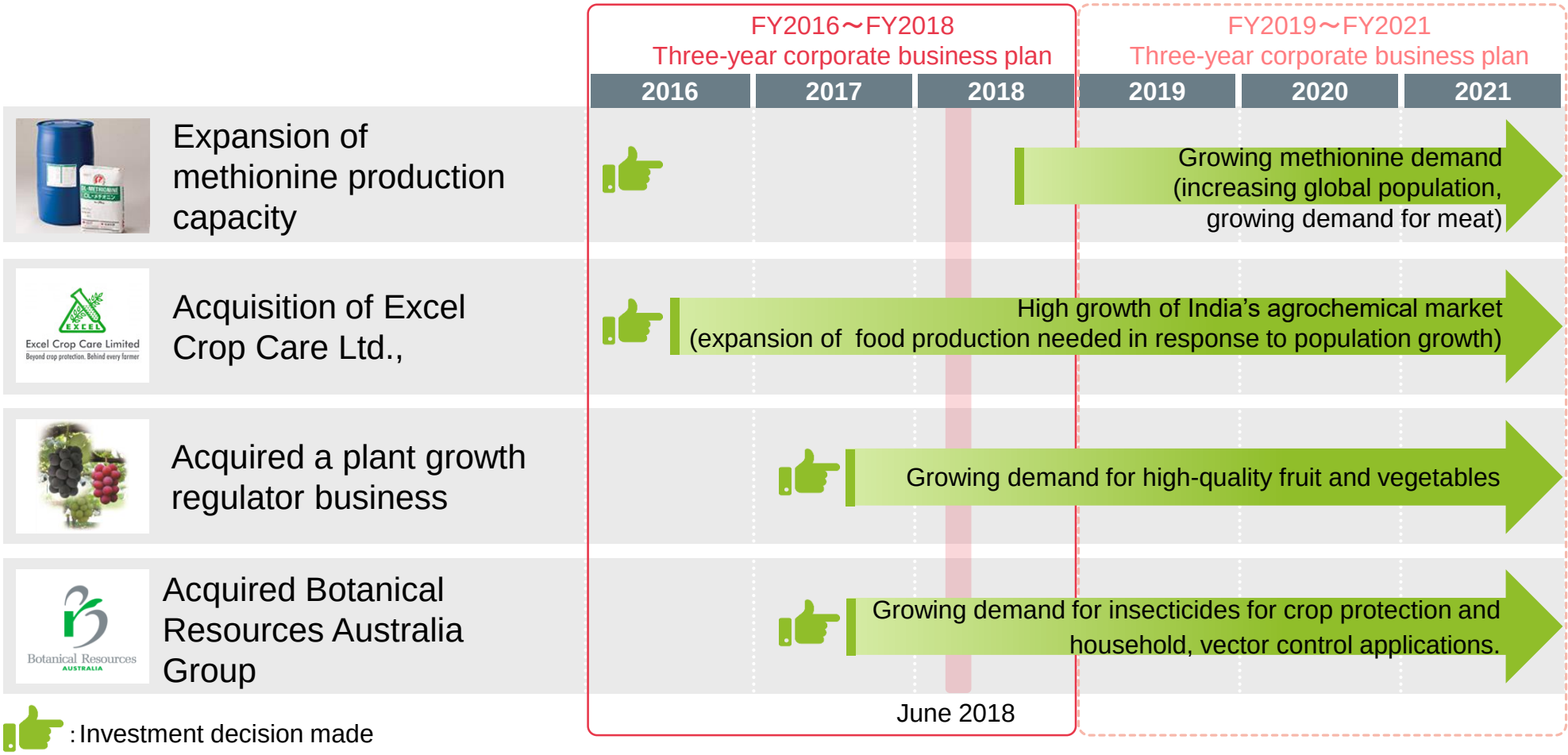
Accelerate development of new products (B2020, A2020)

Expand methionine business

Health & Crop Sciences: Progress on Strategic Initiatives

Business Strategy	Progress
 **Enhance our global footprint**	☐ Acquired Excel Crop Care Ltd., an Indian agrochemicals company
 **Accelerate development of new products**	☐ Development of B2020 in progress （Registration applications filed for a product） ☐ Alliance with BASF/Bayer/Monsanto/Corteva Agriscience™ (DowDupont) ☐ Expanding R&D facilities and test fields
 **Expand our differentiated businesses**	☐ Acquired a plant growth regulator business from Kyowa Hakko Bio. ☐ Acquired Botanical Resources Australia Group ☐ Entered into the rice business
 **Expand methionine business**	☐ Expand production capacity ☐ Preparation for sales expansion underway (including collaboration with ITOCHU)

Health & Crop Sciences: Major Investments and Commercialization Schedule



Health & Crop Sciences: Major Investments and Commercialization Schedule

FY2016～FY2018 Three-year corporate business plan
FY2019～FY2021 Three-year corporate business plan
FY2021～FY2024 Three-year corporate business plan

2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024

B2020

- INDIFLIN™ (inpyrfluxam): Growing demand for crop protection chemicals to combat major plant diseases
- Fungicide A
- Fungicide B
- Insecticide A: Growing demand for crop protection chemicals to combat major plant diseases

A2020

- Insecticide B
- Herbicide A*: Growing demand for crop protection chemicals to combat major plant diseases
- Household & public hygiene insecticide A: Growing demand for safe and comfortable life

Plant growth regulator and biorational: 3 Compounds: Growing demand for high-quality fruit and vegetables

June 2018

Expected to grow into blockbusters

- Working to shorten the development period by up to one year
- Sales of the B2020 products estimated at **over 100 billon yen**

* PPO inhibitor, herbicide being developed by Sumitomo Chemical under the collaboration with Monsanto to develop and deliver next-generation weed control solutions

Health & Crop Sciences:
Expanding Alliance with Major Agrochemical Producers Outside Japan

Progress on Development B2020 Fungicides

INDIFLIN™ (inpyrfluxam)

New fungicide for soybean

Features: Highly effective against major diseases such as soybean rust

Filing for retistration: Filed in Japan, North and South America in 2017.
To be filed, in stages, for registration in other countries.

June 2017: Collaboration with Bayer (developing its mixtures in Brazil)

To be launched in 2020 or later

Fungicide A

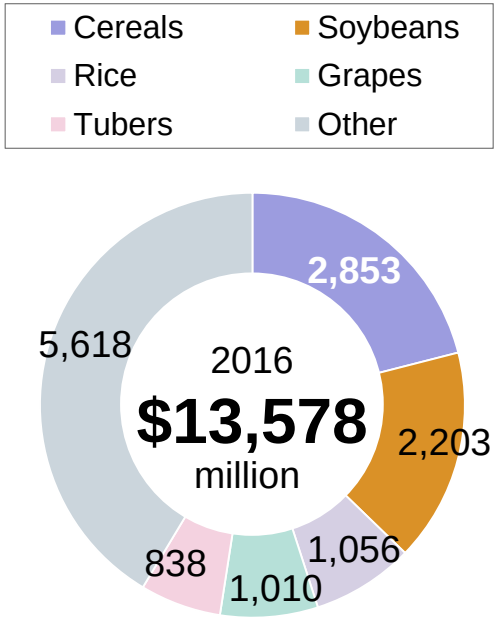
New fungicide

Features:
1. Highly effective against major plant diseases
2. Also effective against strains resistant to existing fungicides

Filing for registration: Starting in 2018, in stages

June 2017: Collaboration with BASF (co-developing globally)

Global Fungicide Market



(Source) Phillips McDougall, Crop Section (Ex-Distributor)

Health & Crop Sciences: Expanding R&D Facilities and Test Fields

Global R&D Capabilities

Biorational Research Center

Completion (Plan): July 2018

Closer integration of
the research function and
the marketing & sales function
⇒ Enhance biorationals R&D capabilities

Chemistry Research Center (CRC) at Health & Crop Sciences Research Laboratory

Completion: May 2018

Integrate organic synthesis research functions ranging from new compound discovery to commercial process development
⇒ more efficient and speedier development of agrochemicals and household and public hygiene insecticides

Strengthen our global R&D capabilities and accelerate agrochemicals development

Health & Crop Sciences: New Methionine Plant

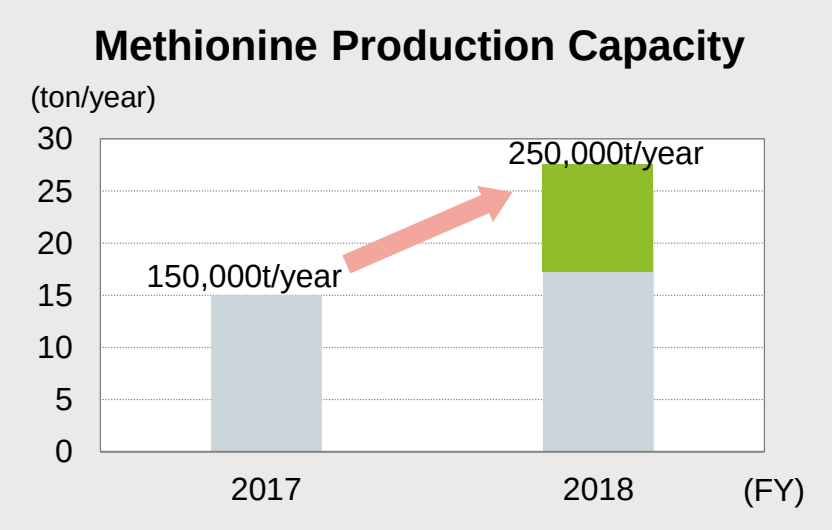
New Methionine Plant

Product: DL-methionine (powder)

Capacity:
100,000 tons per year

Location: Ehime Works, Japan

Startup scheduled for autumn 2018



Expanding Sales Capabilities

- Increasing sales personnel in all regions around the world
- Enhancing technical support service
- Increasing distribution centers
- Expand sales through collaboration with ITOCHU
  (Southeast Asia, Middle East, Africa)

Strengthen our position as Asia's leading methionine player

Pharmaceuticals: Challenges and Business Strategy

Challenges

- ☐ Sustained growth after "The LATUDA business transition period"
- ☐ Manage the effect of policy measures to promote the use of generic drugs

Business Strategy

Accelerate the development of products in late-stage development

Accelerate the development of regenerative and cellular medicine

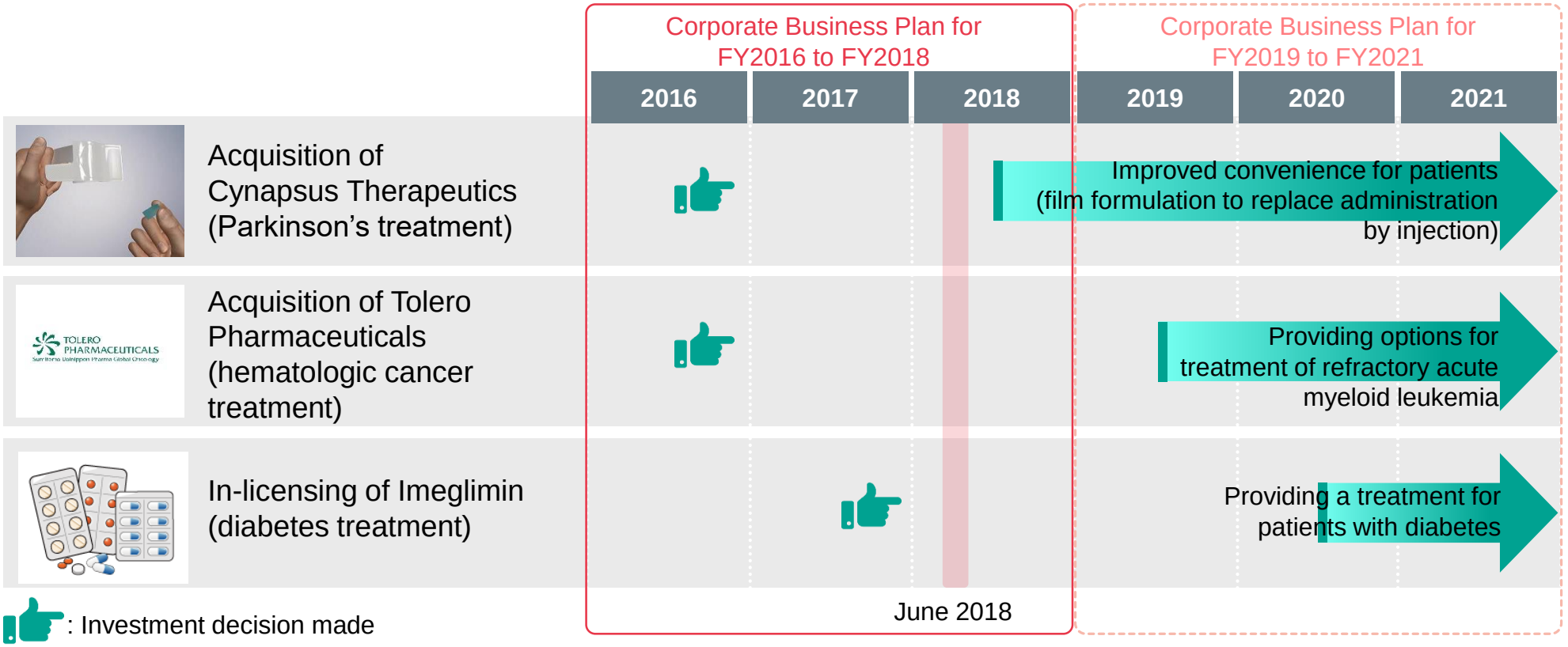
In-license and acquire third-party products under development

Reform cost structure

Pharmaceuticals: Progress on Strategic Initiatives

Business Strategy	Progress
 **Accelerate the development of products in late-stage development**	☐ Launched COPD treatments (Peak revenue: Approx.50 billion yen) ☐ NDA field for Parkinson's treatment (Peak revenue: Approx. 50 billion yen) ☐ NDA field for ADHD treatment (Peak revenue: Approx. 50 billion yen)
 **In-license and acquire third-party products under development**	☐ Acquired Cynapsus Therapeutics (Parkinson's treatment) ☐ Acquired Tolero Pharmaceuticals (hematologic cancer treatment) ☐ In-licensed and launched COPD treatments (UTIBRON, SEEBRI)
 **Accelerate the development of regenerative and cellular medicine**	☐ Completed construction of a manufacturing plant for regenerative medicine and cell therapy
 **Reform cost structure**	☐ Implemented an early retirement program in Japan (Sumitomo Dainippon Pharma)

Pharmaceuticals: Major Investments and Commercialization Schedule



* Also committed to development and sales milestone payments

Pharmaceuticals: Major Development Projects and Commercialization Schedule

	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Corporate Business Plan for FY2016 to FY2018			Corporate Business Plan for FY2019 to FY2021			Corporate Business Plan for FY2022 to FY2024		
 COPD treatment				Improved convenience for patients (portability and shorter treatment time)					
 Parkinson's treatment				Improved convenience for patients (film formulation)					
 ADHD treatment				Improved convenience for patients (greater safety and effectiveness)					
TOLERO PHARMACEUTICALS Hematologic cancer treatment				Provide a new treatment option for recurrent refractory acute myeloid leukemia					
 Cancer stem cell inhibitor				Provide a new treatment option for treatment resistance, recurrence and metastasization					
 Regenerative and celluler medicine							Provide a groundbreaking treatment		
			June 2018						

Pharmaceuticals: Regenerative Medicine and Cell Therapy

Business Plan

Proposed indication, etc.	Partnering	Region (planned)	Cell type	Clinical research	Clinical study
Chronic stroke (SB623)	SanBio	North America	Allogeneic mesenchymal stem cells		In progress (Phase II b clinical study)*1
Age-related macular degeneration	Healios RIKEN	Japan	Allogeneic iPS cell derived retinal pigment epithelium	In progress	Preparing for start
Parkinson's disease (Designated as a "SAKIGAKE")	Kyoto University CiRA	Global	Allogeneic iPS cell derived dopamine neural progenitor		Plan to start in FY2018 in Japan (Investigator-initiated)
Retinitis pigmentosa	RIKEN	Global	Allogeneic iPS cell derived photoreceptor	Preparing for start	
Spinal cord injury	Keio University, Osaka National Hospital	Global	Allogeneic iPS cell derived neural progenitor	Preparing for start	

Aim to launch in FY2022*2

*1 Plan to conduct Phase III clinical study, but aim to utilize the application for accelerated approval program depending on Phase II b clinical study result.
*2 Launch schedule based on Sumitomo Chemical's goals, not jointly set with partners.

Topics **Completed construction of a manufacturing plant for regenerative medicine and cell therapy**

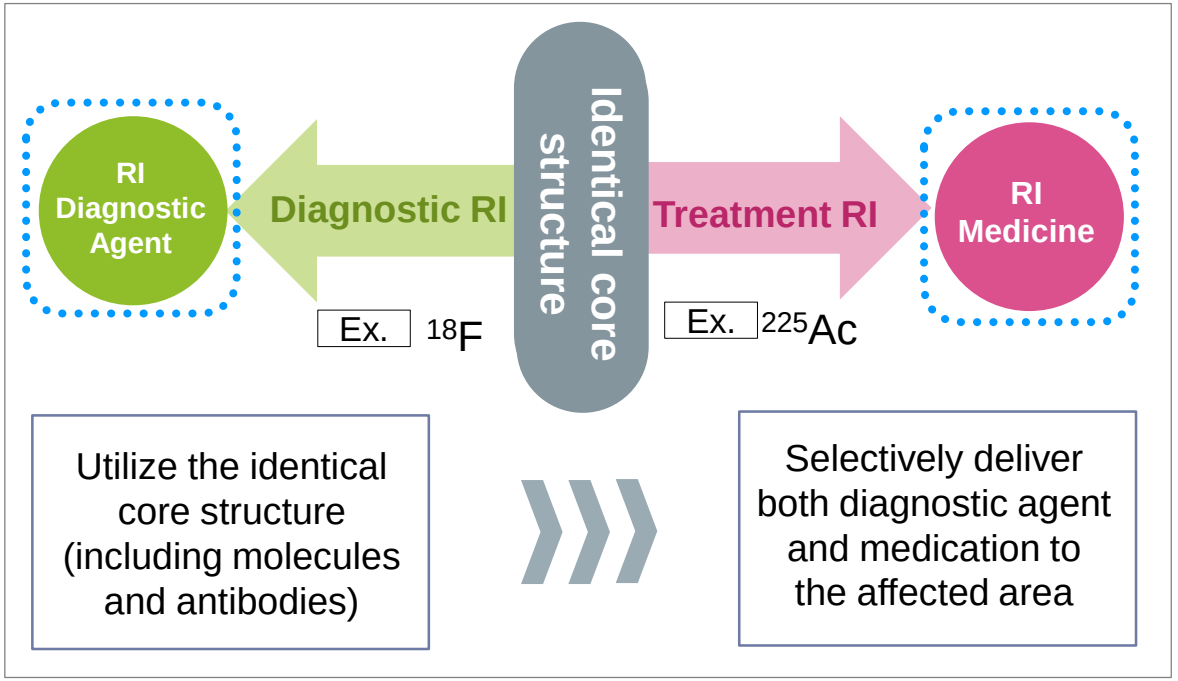
Construction of the world's first dedicated commercial manufacturing plant for regenerative medicine and cell therapy based on allogeneic iPS cells completed in March 2018.

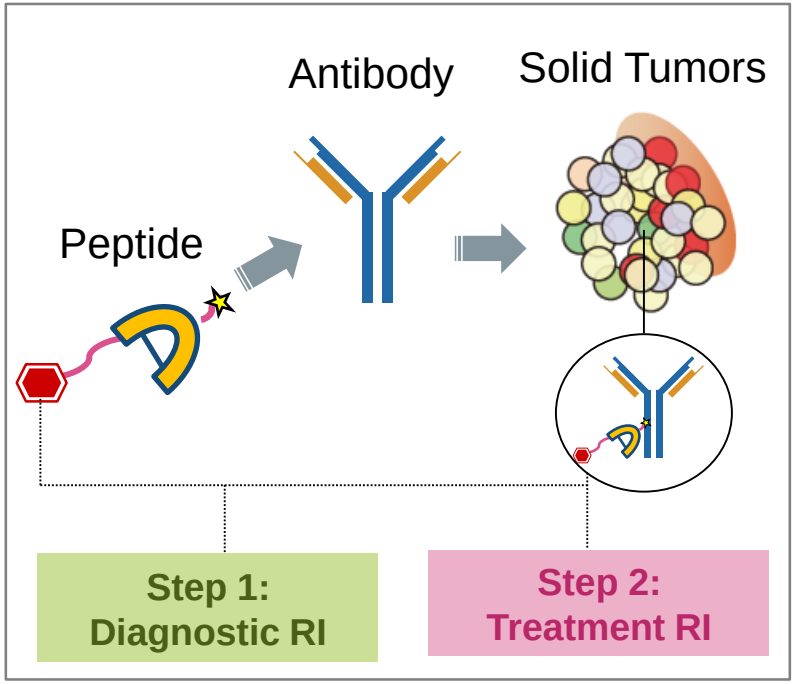
Pharmaceuticals:

Nihon Medi-Physics Expansion of Healthcare Businesses

Theranostics

Theranostics = Therapeutics + Diagnostics





Scope of Nihon Medi-Physics' business

Adopted by CiCLE[*1]⇒R&D risk shared with AMED[*2]

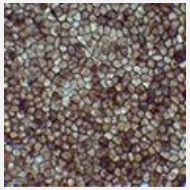
*1 CiCLE: Cyclic Innovation for Clinical Empowerment *2 AMED: Japan Agency for Medical Research and Development

Initiatives for Maintaining Sustained Growth

Initiatives for Maintaining Sustained Growth: Collaboration with Startup Companies

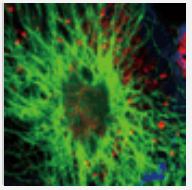
Research Phase

Bonac
(Nucleic Acid Medicine)



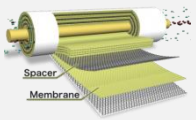
Healios
(Age-related macular degeneration)

Development Phase



SanBio
(Chronic stroke)

Nileworks
(Precision agriculture)



Renaissance Energy Research
(CO_2 separation membrane)

Commercialization Phase

CDT
(Polymer OLED for displays)

CDT
(Polymer OLED for lightings)

CDT
(Polymer LED for organic photodiodes)

Plant Genome Center *
(Rice seeds)

* Included in Rice Business

Collaboration with startup companies ➡ Accelerate the development of next-generation businesses

Initiatives for Maintaining Sustained Growth: Digital Transformation

Digital Plant

Increase efficiency in plant maintenance and operation

Digital R&D

Speed up the R&D process

AI

IoT

Evolution of ICT

BD*

Digital Marketing

Promote more efficient, more effective sales and marketing

Precision agriculture

Digital Back Office

Increase efficiency in office work and transform work styles

Digital Global SCM

Achieve real-time visualization of more in-depth global supply chain information

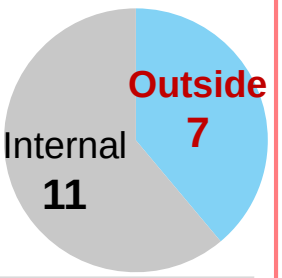
S/4HANA

* BD: Big Data

Initiatives for Maintaining Sustained Growth: Strengthening Governance

Increasing the Number of Outside Board Members

	Board of Directors	Auditors
Internal	9	2
Outside	**4**	**3**
Total	13	5



Role	Name	Major Previous Role
Board of Directors	Koichi Ikeda	Executive (Drink company)
	Hiroshi Tomono	Executive (Steel company)
	Motoshige Itoh	Professor
	Atsuko Muraki	Government official
Corporate Auditors	Mitsuhiro Aso	Prosecutor and lawyer
	Yoshitaka Kato	CPA
	Michio Yoneda	Executive (Stock exchange)

Reinvigorating the Board of Directors by leveraging outside directors' experience and expertise in a wide range of areas

Initiatives for Maintaining Sustained Growth: SDGs Initiatives

Starting SDGs Initiatives through the TSP Approach

Top Commitment

SDGs Badge

Through Business

Sumika Sustainable Solutions

- ☐ Olyset™ Net
- ☐ Separators, etc.

Full Participation

Sustainable Tree

Established Sustainability Promotion Committee

Purpose

1. Oversee the Group's sustainability promotion activities
2. Comprehensively verify contributions to sustainability
3. Accelerate efforts to resolve issues in society, including the SDGs

Organization

Chairman: President of Sumitomo Chemical

Secretariat:
CSR Dept., Legal Dept., Corporate Planning Dept., Human Resources Dept., Responsible Care Dept., Research Planning and Coordination Dept., and Corporate Communications Dept.

Meetings: Twice a year

Further Accelerating SDGs Initiatives across the Sumitomo Chemical Group

Initiatives for Maintaining Sustained Growth: Commitment to Society

Recommendations on Climate-related Disclosures

Sumitomo Chemical has signed the Recommendations on Climate-related Financial Disclosures, published by TCFD.*

- Date: June 2017
- Participating Companies:
  Sumitomo Chemical and Kokusai Kogyo from Japan; about 240 companies from around the world.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

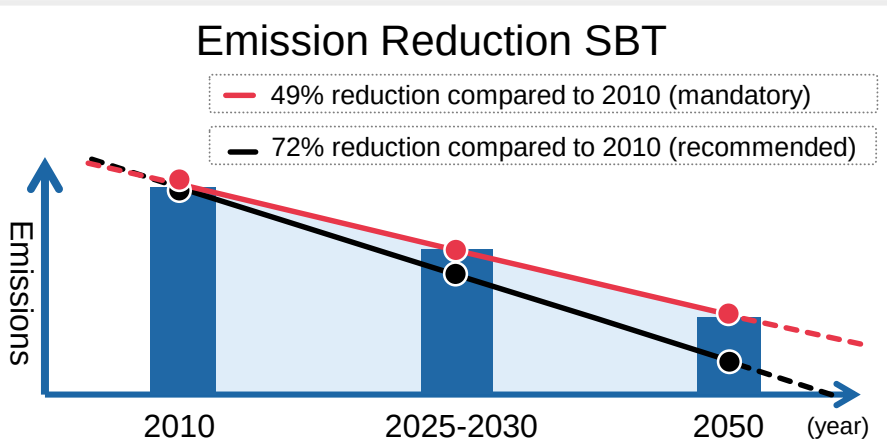
* TCFD: Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board

Commitment to set the Science-Based Targets (SBT)

Sumitomo Chemical has committed to the setting of SBT*, an initiative led by the UN Global Compact and other organizations.

* Greenhouse gas reduction goals proactively set by companies to meet the Paris Agreement goal of limiting global warming to less than 2℃

- Committed companies: 411 companies around the world, including 58 Japanese companies (as of May 28, 2018)



(Reference) Created with materials published by Mizuho Research Institute and the Ministry of the Environment

Declared to society strong commitment to efforts to combat climate change

Initiatives for Maintaining Sustained Growth: External Evaluation

Received Excellence Award in the Corporate Value Improvement Awards

Reasons for the award

Achieved the goals* set out in the previous Corporate Business Plan

* Including the improvement of ROE and CCC

- Evaluated: all companies listed on the Tokyo Stock Exchange (approx. 3,500 companies)
- Recipients: 4 companies (including 1 Grand Prize)

Award Ceremony (March 2018)

Received the Deputy Chief's Award (by Minister for Foreign Affairs) of Japan SDGs Award

Reasons for the award

Track record in initiatives* to achieve the SDGs

* Including Sumika Sustainable Solutions and the Sustainable Tree and Olyset™ Net

- Evaluated: Over 280 companies and organizations applied
- Recipients: 4 companies and 7 organizations

Japan. Committed to SDGs

What Sumitomo Chemical Strives To Be

Business Philosophy

- Commit ourselves to creating new value by building on innovation
- Work to contribute to society through our business activities
- Develop a vibrant corporate culture and continue to be a company that society can trust

Core Competence

- Capabilities to develop innovative solutions by leveraging its technological expertise in diverse areas
- Capabilities to reach global markets
- Loyal employees

Challenges & Business Opportunities

Solve issues facing society	● Environment ● Food ● Resources and energy
Improve quality of life and build an affluent and comfortable society	● Health promotion ● Comfortable life

Achieve sustained growth by creating new value through innovative technologies

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.