



Change and Innovation
Create New Value

Current Priority Management Issues and Business Strategy

November 27, 2018



Masakazu Tokura
President

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Create New Value

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Performance Trends

FY2018 1H vs. FY2017 1H

	FY2017 1H	FY2018 1H	(Billions of yen) Change
Sales Revenue	1,040.3	1,122.1	+81.8
Core Operating Income	127.0	102.1	-24.9
Operating Income (IFRS)	136.1	91.9	-44.2
Net Income Attributable to Owners of the Parent	77.1	61.5	-15.6
Naphtha Price	¥37,600/kl	¥51,100/kl	
Exchange Rate	¥111.04/\$	¥110.26/\$	

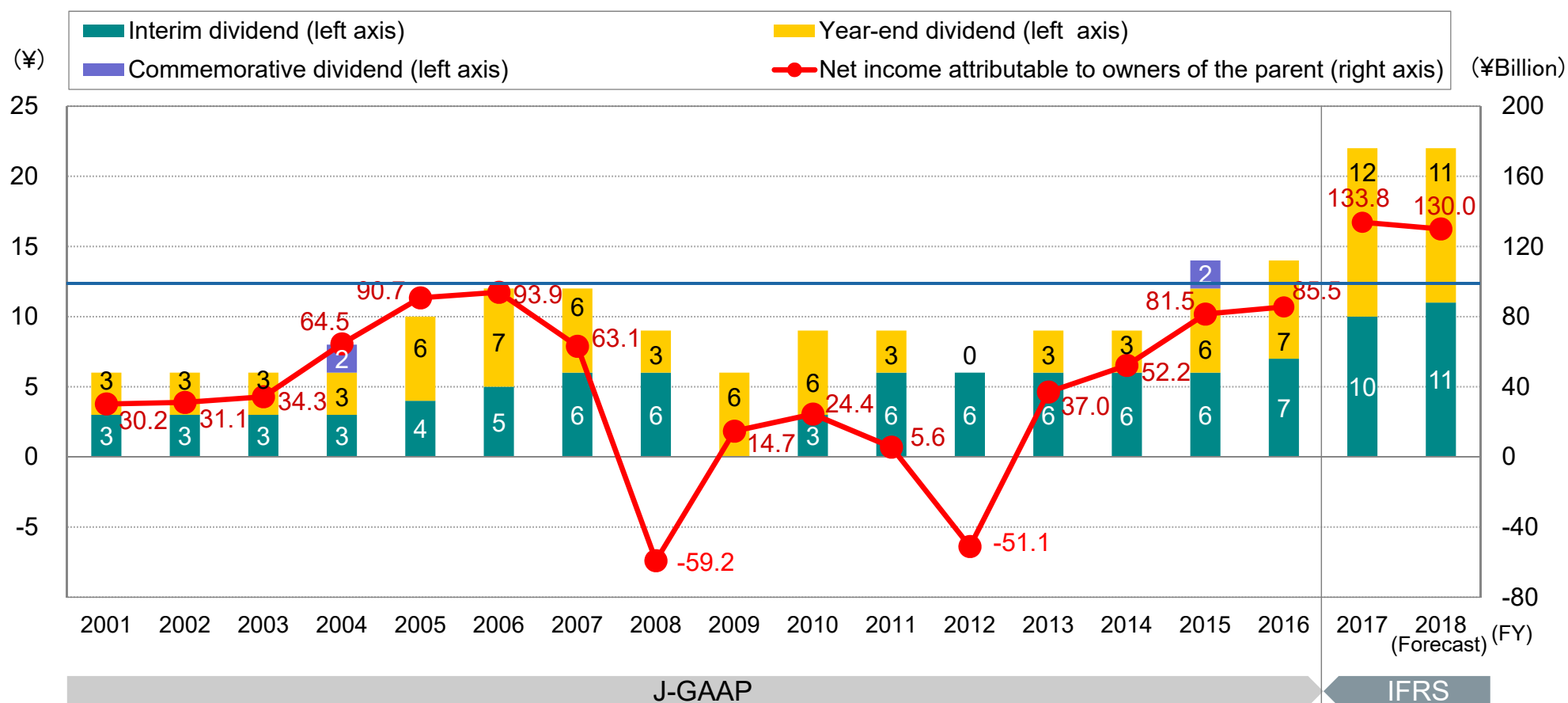
FY2018 1H Core Operating Income by Sector vs. FY2017 1H

(Billions of yen)

	FY2017 1H	FY2018 1H	Change	Reasons for Change
Specialty Chemicals	85.9	69.4	-16.5	
Energy & Functional Materials	10.3	12.8	+2.5	Sales increase of separators
IT-related Chemicals	9.0	14.8	+5.8	Sales increase of polarizing films
Health & Crop Sciences	8.4	2.5	-5.9	Loss on equity method in Nufarm
Pharmaceuticals	58.1	39.3	-18.9	Temporary gains on the transfer of business in FY2017
Bulk Chemicals	41.9	35.4	-6.5	
Petrochemicals & Plastics	41.9	35.4	-6.5	Implementation of periodical maintenance shutdowns in FY2018
Others	-0.7	-2.7	-2.0	
Core Operating Income	127.0	102.1	-24.9	

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

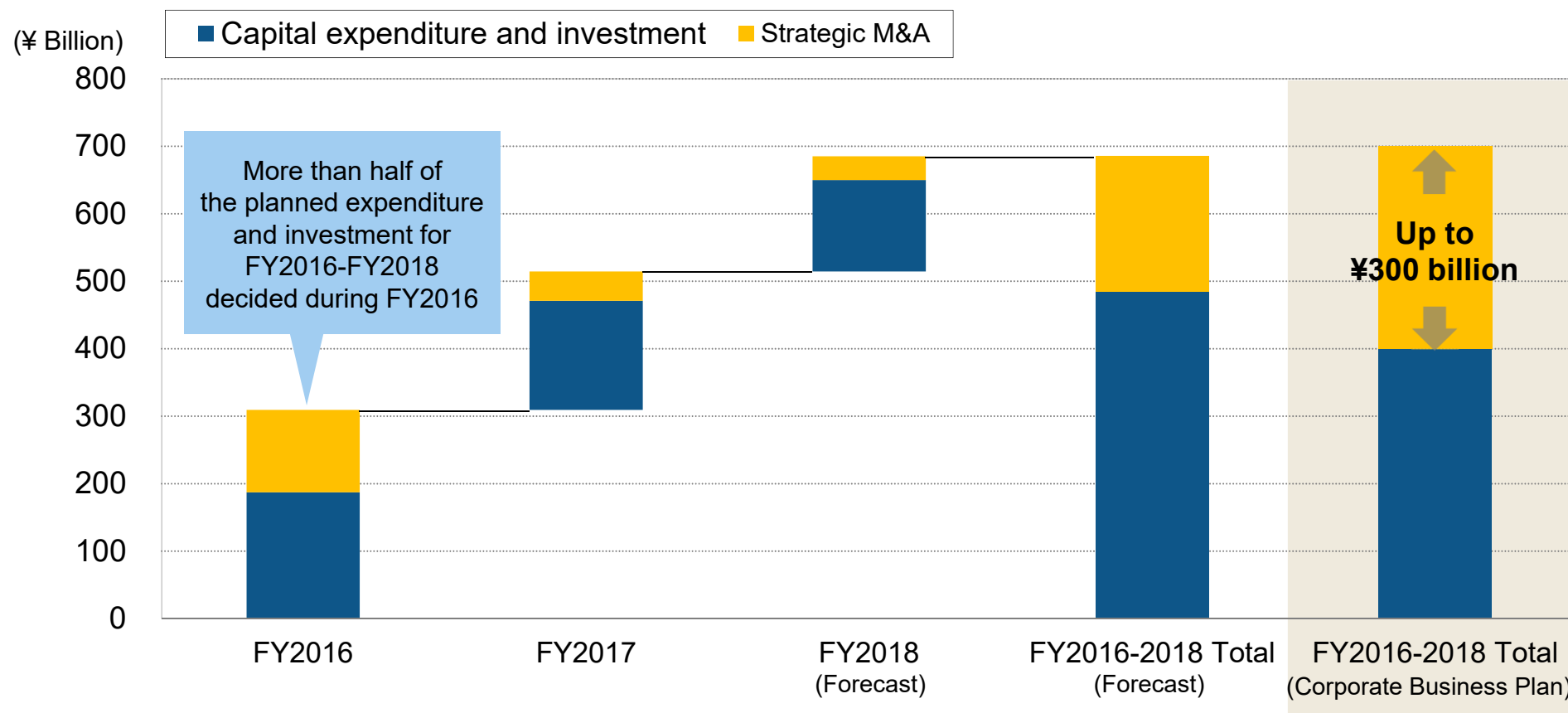
Corporate Business Plan:

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

Petrochemicals
& Plastics

General

Capital expenditure and
investment plan for
FY2016-FY2018
(decision-making basis)

Approx. **¥690bn**

**Specialty chemicals
account for: 75%**

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

IT-related Chemicals

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

Research and Development Expenses Plan for FY2016-FY2018

Energy & Functional Materials

☐ Battery materials

Petrochemicals
& Plastics

General

IT-related Chemicals

☐ Flexible display materials

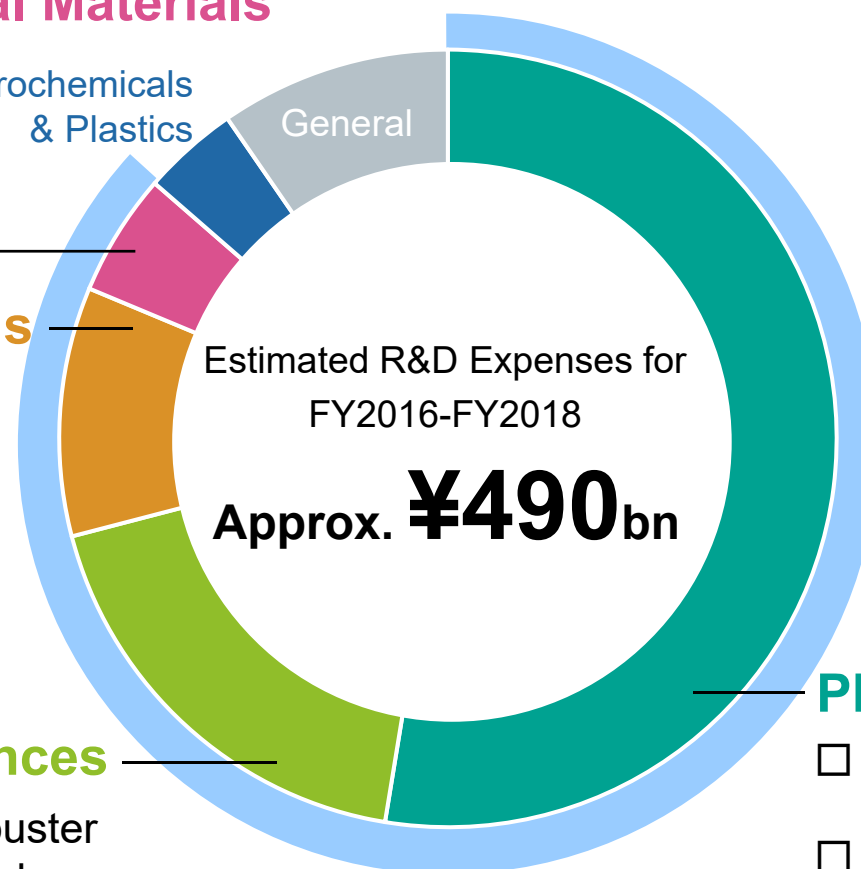
☐ Compound semiconductors

Health & Crop Sciences

☐ Next-generation blockbuster crop protection chemicals

☐ New rice varieties

☐ Active ingredients for nucleic acid medicines



Specialty chemicals account for: 90%

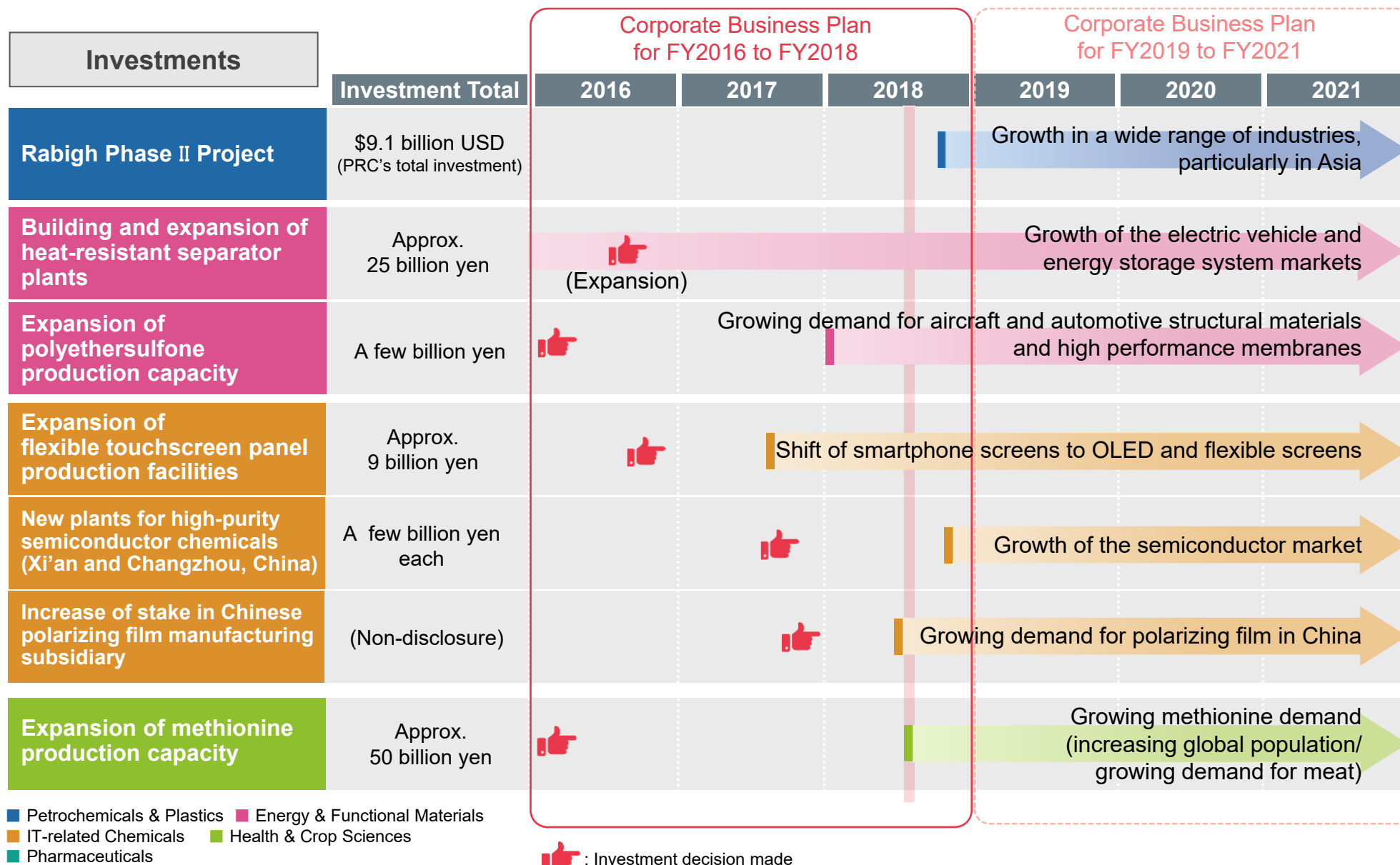
Pharmaceuticals

☐ Napabucasin / Amcasertib
(Cancer stemness inhibitor)

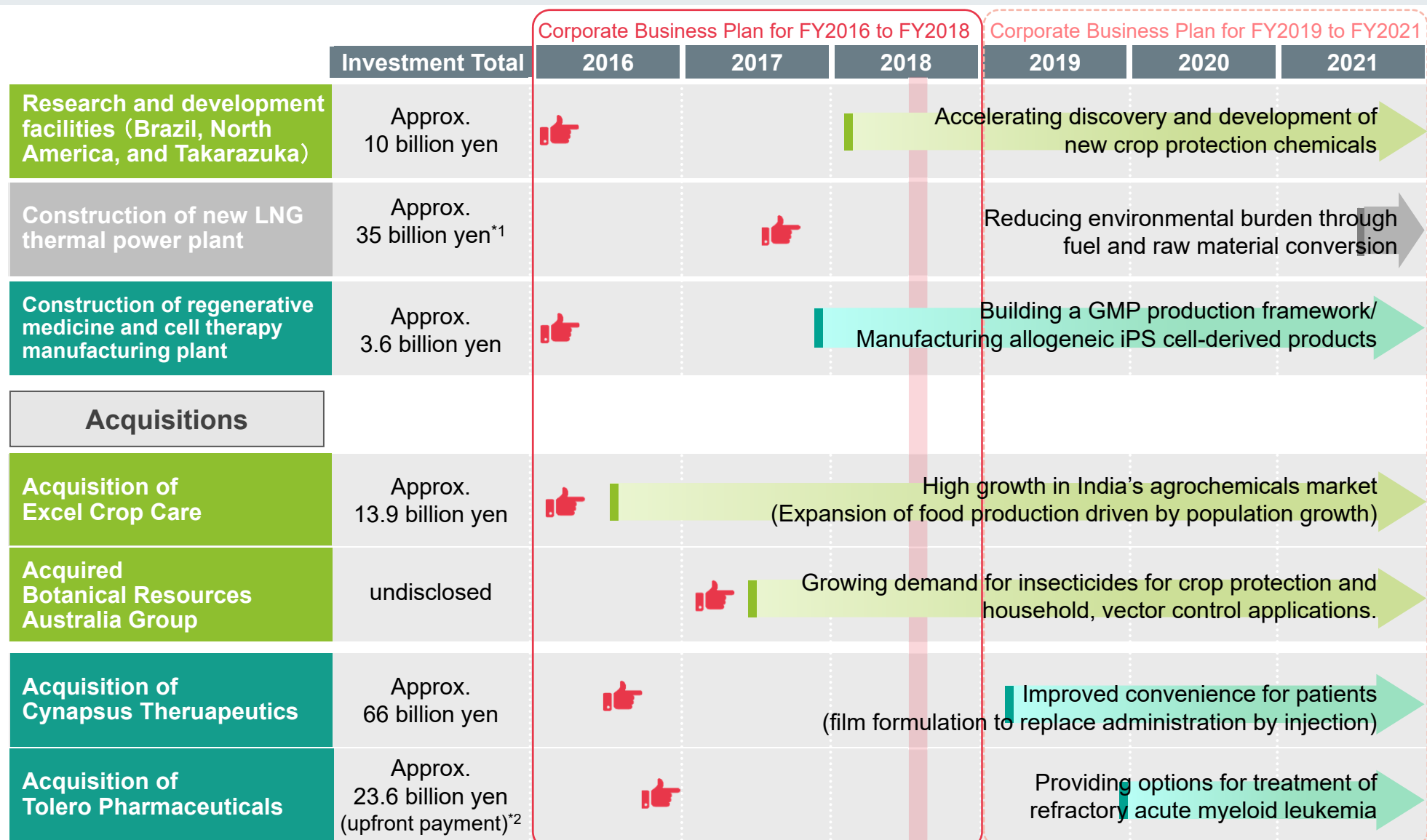
☐ Dasotraline
(Treatment for attention-deficit hyperactivity disorder (ADHD)/binge eating disorder (BED))

☐ LONHALA[®] MAGNAIR[®]
(Treatment for chronic obstructive pulmonary disease (COPD))

Major Investments and Commercialization Schedule (Overall)



Major Investments and Commercialization Schedule (Overall)



Petrochemicals & Plastics
 Energy & Functional Materials
 IT-related Chemicals
 Health & Crop Sciences
 Pharmaceuticals

: Investment decision made

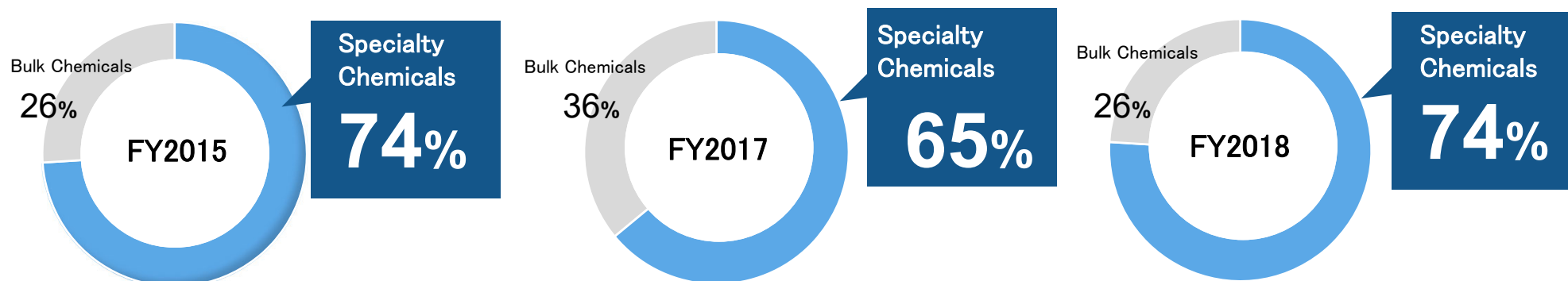
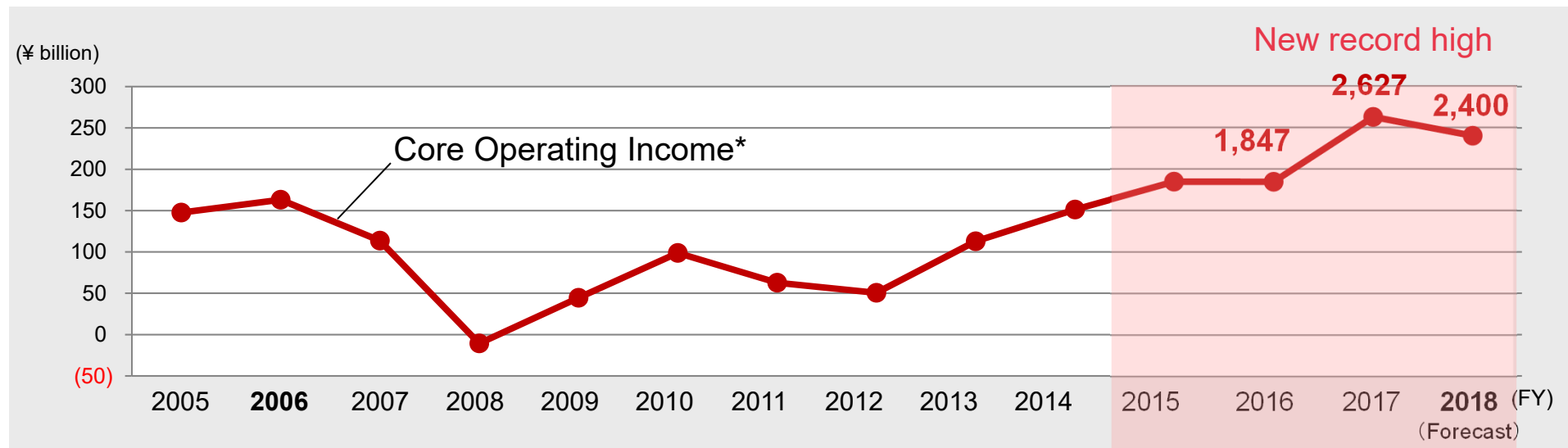
*1 Including power plant construction expenses and investment in the complex

*2 Not including payments for development and sales milestones

Change in Business Portfolio

Change in core operating income and its composition

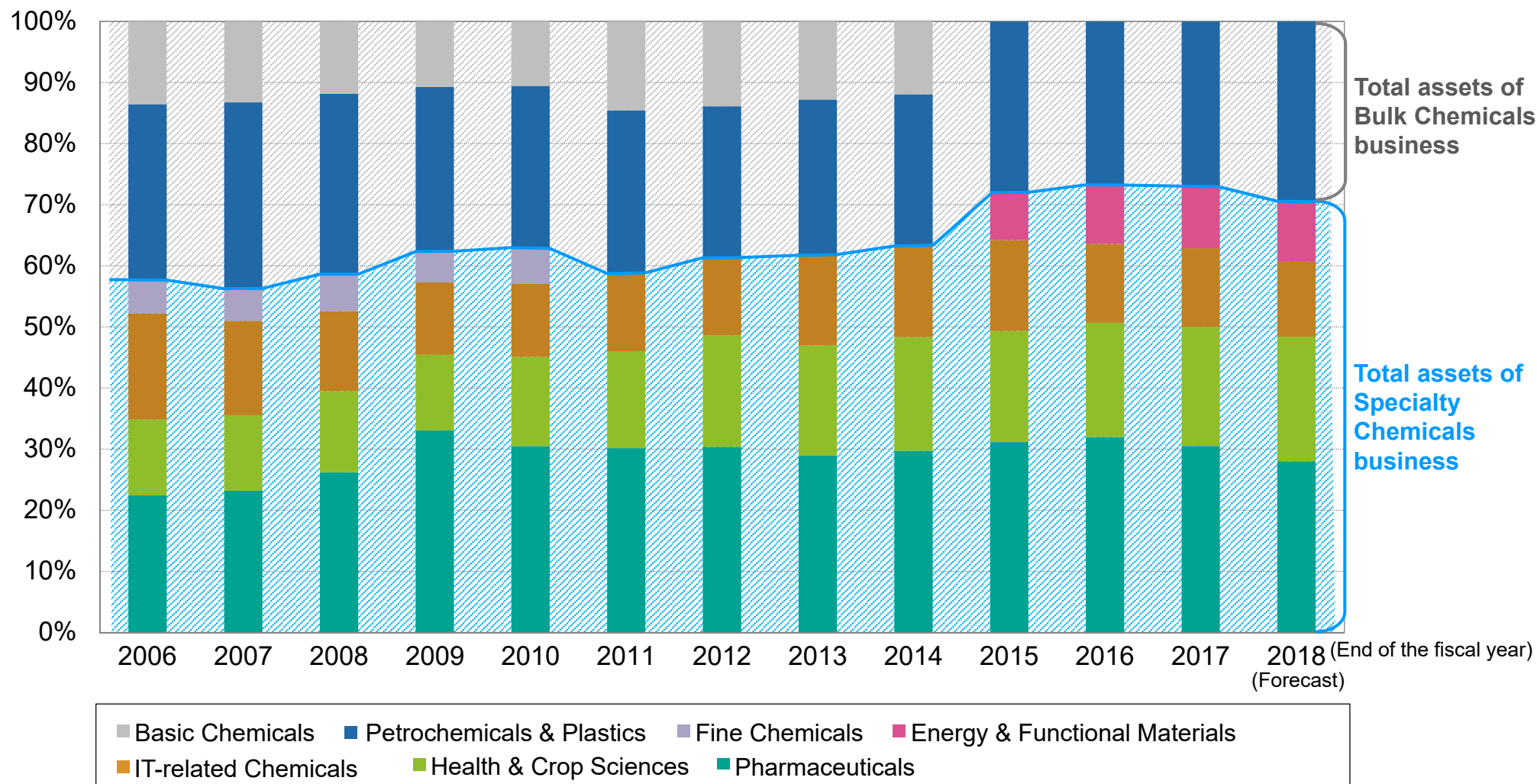
*Through FY2015: sum of operating income and equity in earnings of affiliates under J-GAAP.



Steady increase in profitability of specialty chemicals business

Changes in Our Business Portfolio

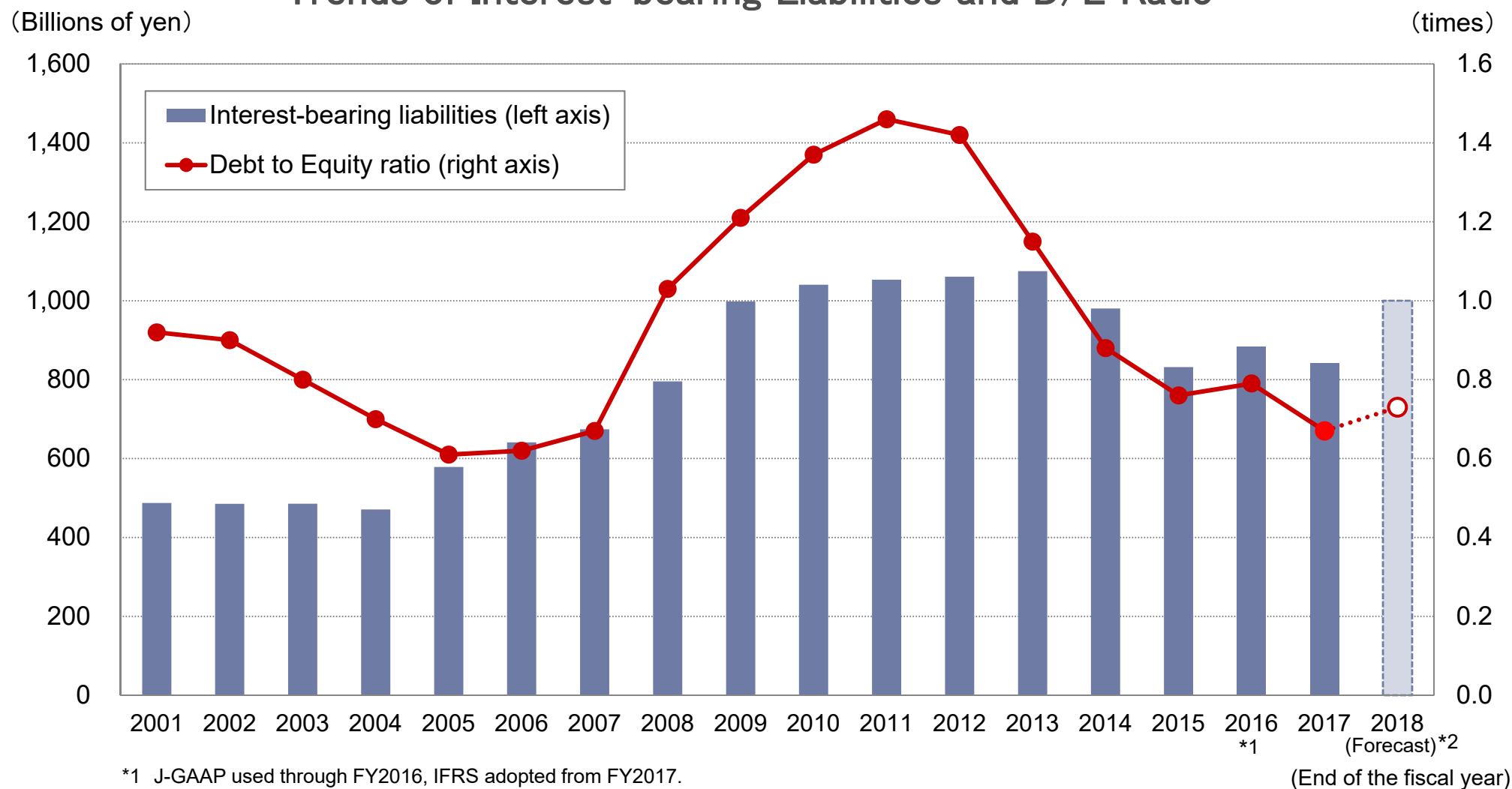
Changes in Asset Structure*



* Excluding Others and Eliminations

Management of Cash Flow

Trends of Interest-bearing Liabilities and D/E Ratio



Business Strategy and Topics (by Sector)

Petrochemicals & Plastics: Challenges and Business Strategy and Progress Status

Challenges

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

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 operation

- ❑ Shipment started for all products



**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: Expanding the Technology Licensing Business

Line-up of technologies available for licensing



PO-only Process (Cumene PO-only Process)

- No byproducts
- Higher yields impact, lower environmental



Hydrochloric acid oxidation process

- Significantly saves energy
- Recycling by-product into raw materials

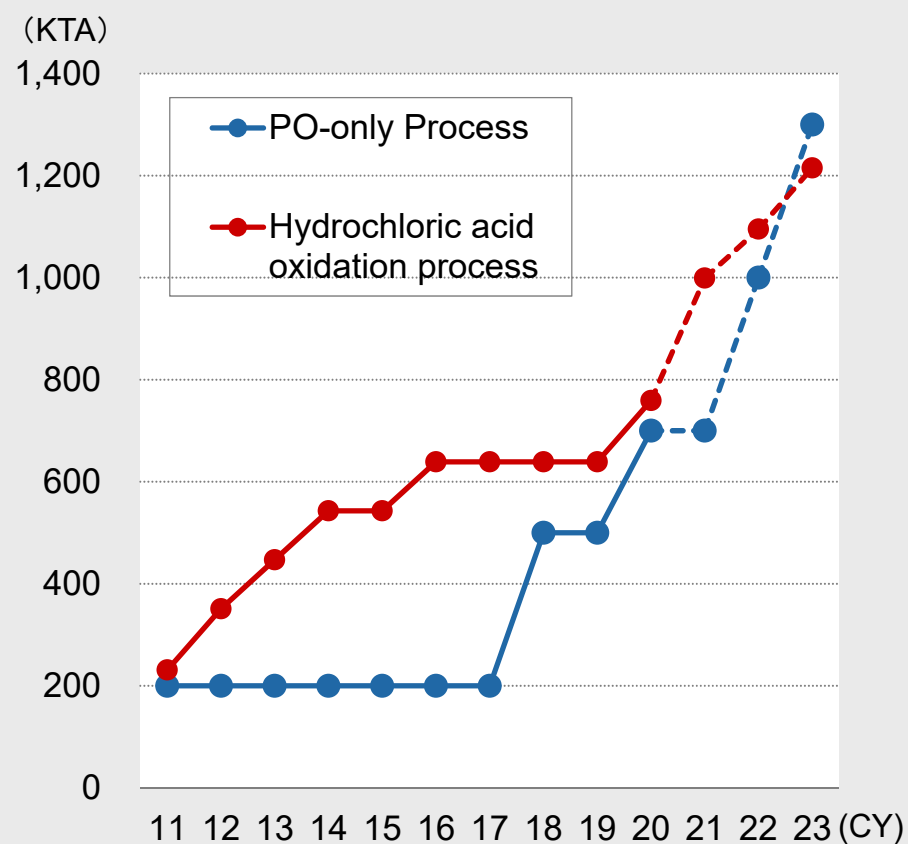
Others Technologies

- LLDPE
- LDPE (EVA)
- PP
- MMA / PMMA
- EPDM
- C4's

Decision to Enhance Catalyst Production Capacity

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

Licensee facilities steadily increasing



Expand technology licensing and catalyst sales business

→ **Achieve stable revenue**

Petrochemicals & Plastics: Rabigh Phase II Project

Progress of the Phase II Project

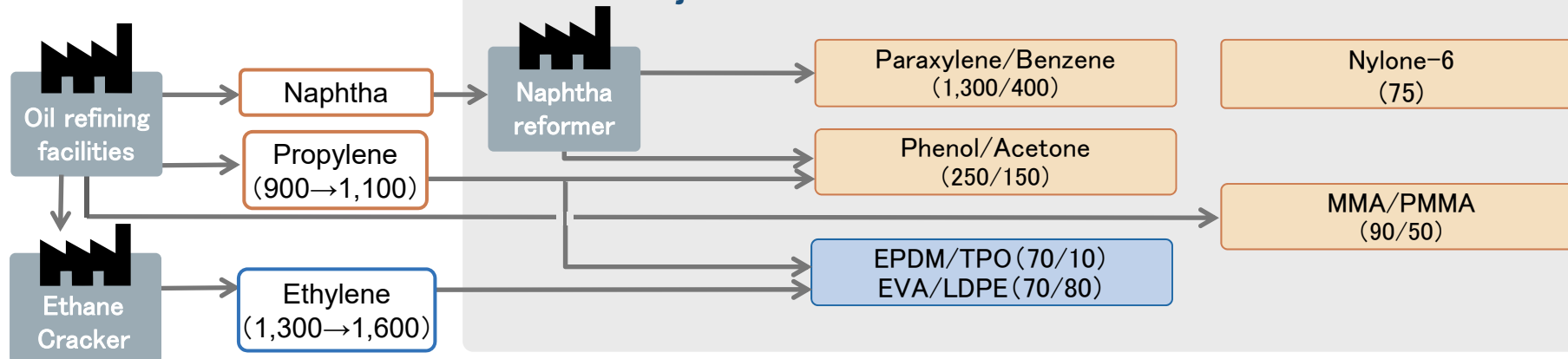


Configuration

(Capacity 1,000t/year)

Phase I

Phase II Project



Energy & Functional Materials: Challenges and Business Strategy/Progress

Challenges

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

Business Strategy

Progress



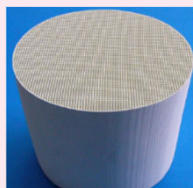
Enhance the lineup of battery materials and increase production capacity

- ❑ Entered cathode materials business (Acquired a majority stake in Tanaka Chemical Corp.)
- ❑ Expand separator production capacity (Production capacity: 100 million m²/year to 400 million m²/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)
- ❑ PES adopted for use in engine control valves



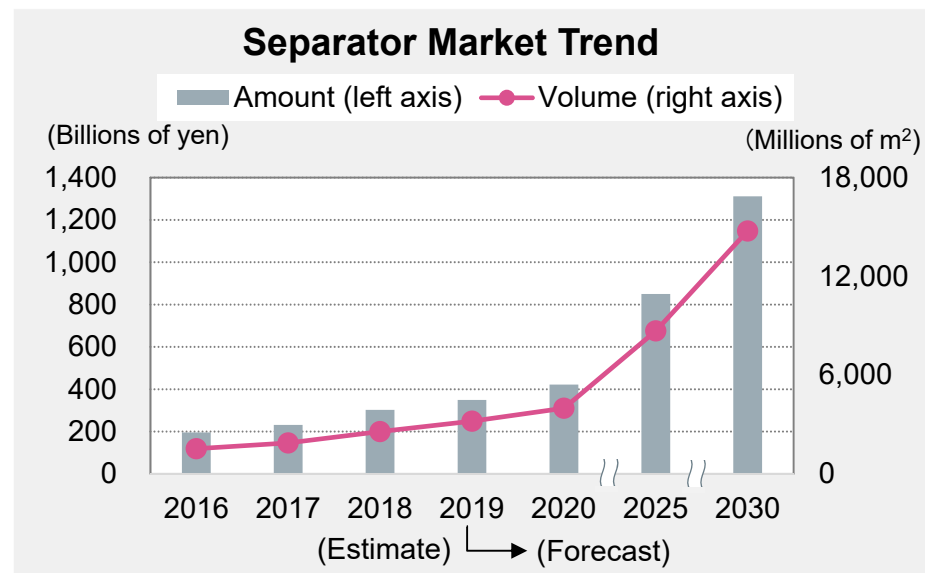
Restructure underperforming businesses

- ❑ Decided to exit the DPF business
- ❑ Restructured S-SBR business (Established ZS Elastomer Co., Ltd.)

Energy & Functional Materials:

Expand the Lithium-ion Secondary Battery Separators Business

Studying possible production capacity expansion in South Korea (Daegu)

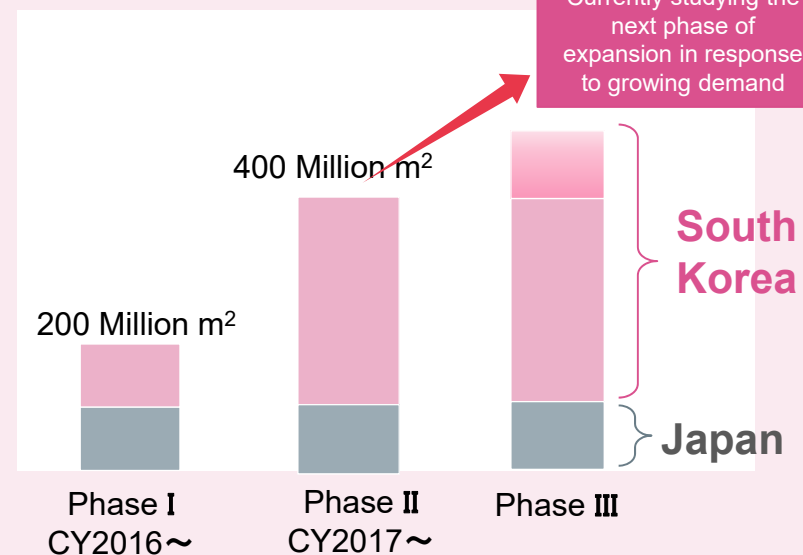


(Source) "Future Outlook of Energy, Large Scale Secondary Battery, and Materials 2018; Energy Devices" by Fuji Keizai

Initiatives to Expand Business

- Responding to existing customers' increasing demand
- Adopted by new customers in Japan
- Currently working with prospective customers outside Japan, primarily in China and Europe

Separator Production Capacity



SSLM Co., Ltd.

Quickly responding to increasing demand of new and existing customers

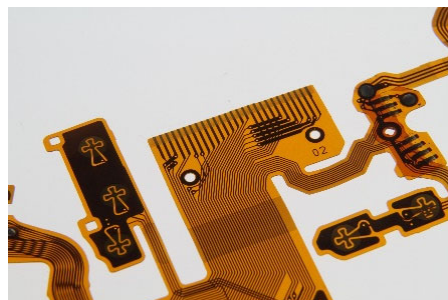
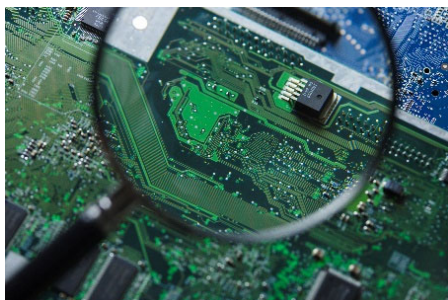
Energy & Functional Materials: Expansion of Liquid Crystal Polymer (LCP) business

LCP for Supporting Next-Generation Mobile Telecommunications (5G) Society

Characteristics of High-Frequency Materials Required by 5G

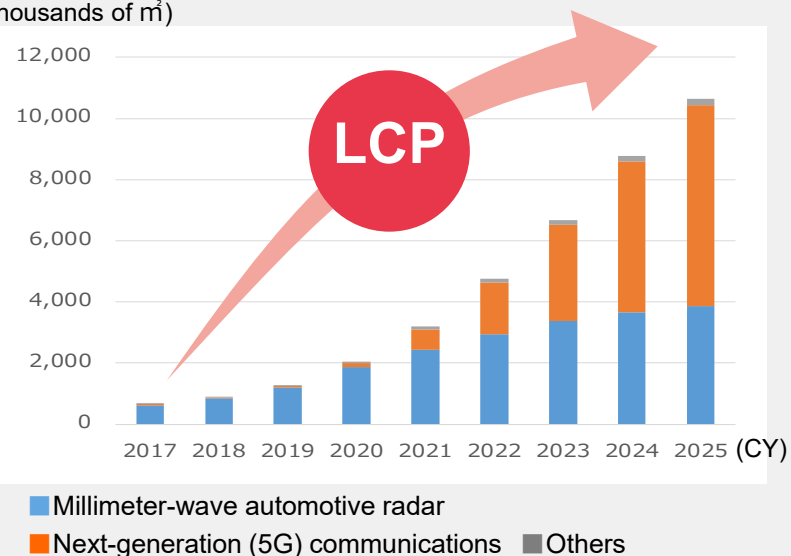
- Low permittivity/low dielectric loss tangent
- Low water absorption (under high temperature and high humidity)

➡ The characteristics of LCP well match these requirements.



Trends in high-frequency substrate materials market

(thousands of m²)



Our product lineup

Melt type with excellent processability

Solution type most suitable for thin film

Firmly seize business opportunities in next-generation high-speed communications

IT-related Chemicals: **Challenges and Business Strategy/Progress on Strategic Initiatives****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**Progress**

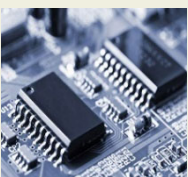
**Expand
OLED materials and
components business**

- ❑ 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)
- ❑ Full-scale launch of polymer OLED materials business (acquired new shares in JOLED)



**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: **Business Development for Medium-size Displays Applications****Full-scale Launch of Polymer OLED Materials Business****資金調達**

Capital raise by share placement

Subscriber	Billions of yen
DENSO	30
Toyota Tsusho	10
Sumitomo Chemical	5
Screen Finetech Solutions	2
Total	47

**JOLED's Nomi Site**

Start operation in 2020

**Construction of
printed OLED display
commercial production line**

**To supply our polymer
OLED materials**

**Target**

**Medium-size displays
(10 to 32 Inch)**

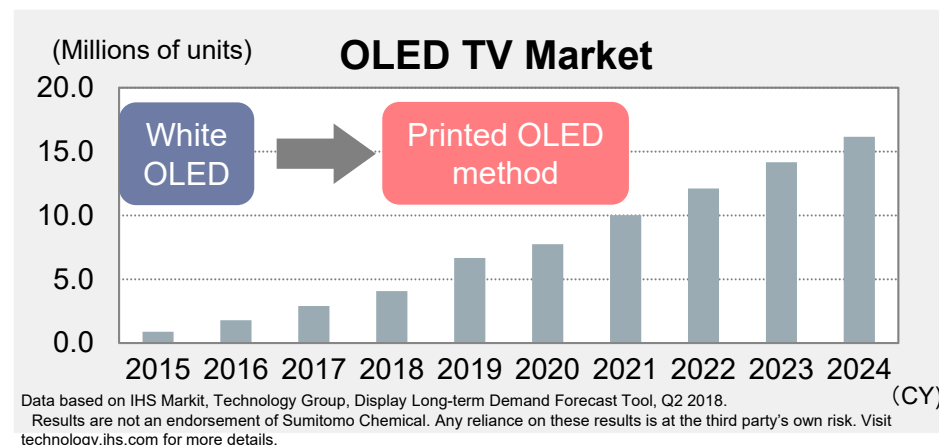
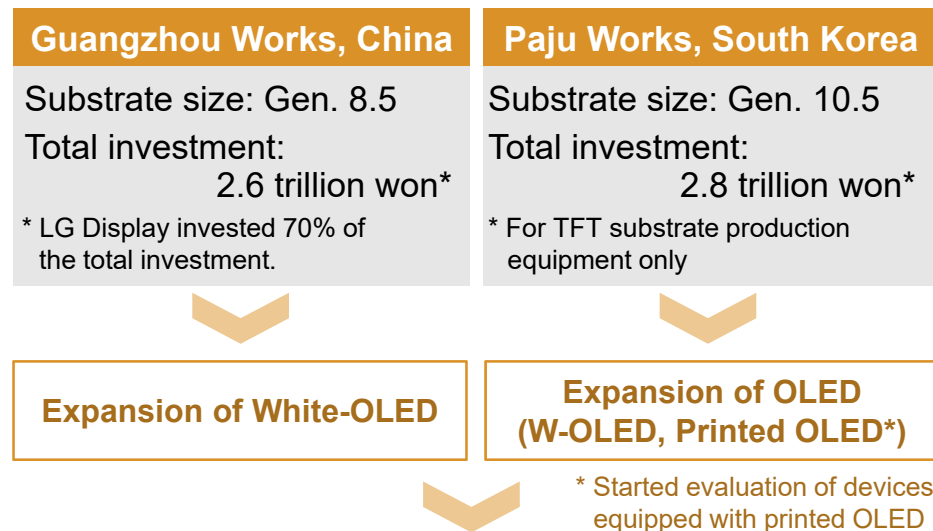


High-end monitors

Anticipating printed OLED displays will be used in a wider range of applications such as automotive use

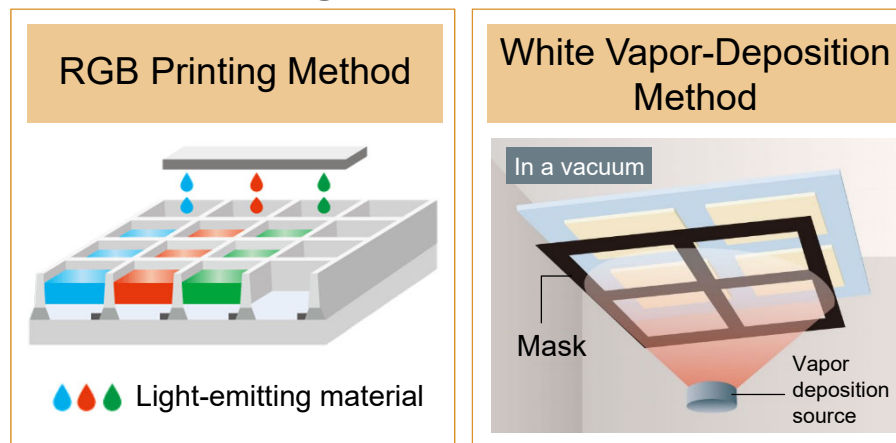
IT-related Chemicals: Commercialization of Polymer OLED Materials

LG Display's Plan for OLED Investment



Advantages of the Printing Method for Polymer OLEDs

Manufacturing process



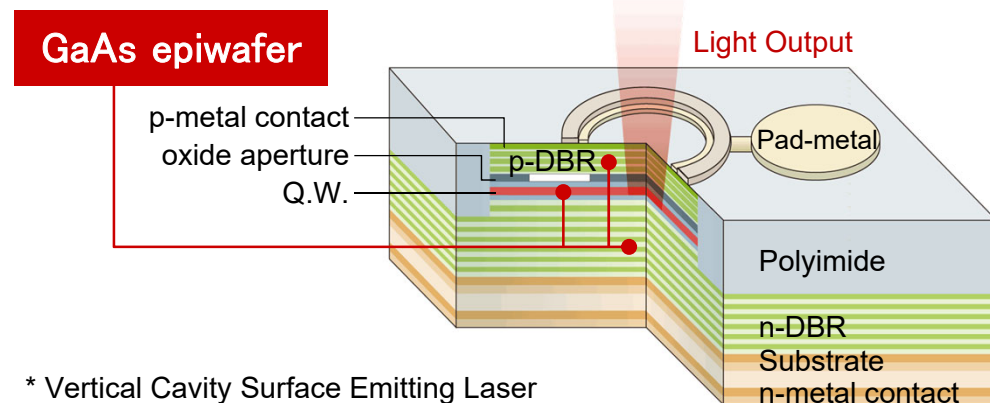
Advantages

- No expensive masking required
- High material-use efficiency
- Excellent resolution (8K)

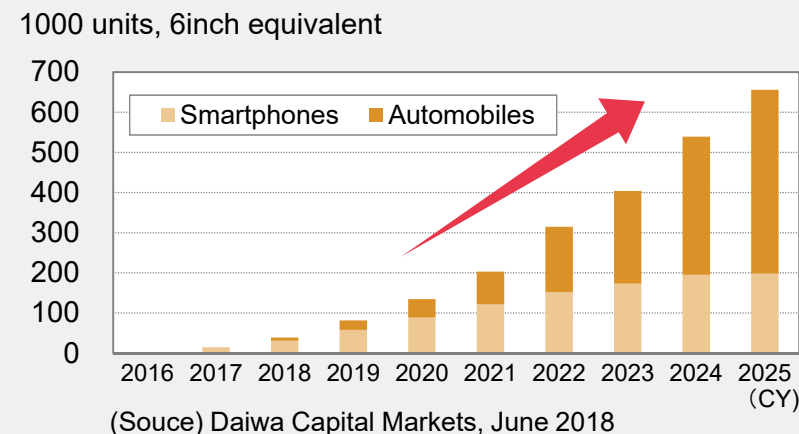
Commercial production expected to start as early as in FY2019

Compound Semiconductor Business Development for Automotive Applications

Growing Demand for GaAs epiwafer for Use in VCSEL* 3D Sensors



VCSEL Wafer Market



VCSEL applications

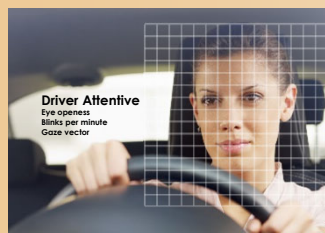
Present

Smartphone, 3D imaging (face authentication) and others



Future

Automotive applications



Driver monitoring



Driving support



Autonomous driving

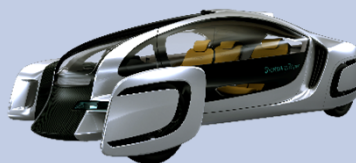
GaAs epiwafer market expected to expand driving by demand growth in automotive applications

Major Products in the Mobility Sector

*Including projects under development

Front Window, Roof Materials

Developed PMMA-based transparent resin



Resins

- PP
- PP compounds
- TPE
- PMMA
- ABS
- EPDM

- GaAs epiwafers (for VCSEL)

- Aluminum

- Electrodeposition Paint



Display materials

- Polarizing films
- Polymer OLED materials

Super Engineering Plastics

- PES
- LCP

Lithium-ion Battery Materials

- Separators
- Cathode materials
- High purity alumina

Tire-related products

- Resorcinol
- S-SBR

Challenges and Business Strategy/Progress on Strategic Initiatives

Challenges

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

Business Strategy

Progress



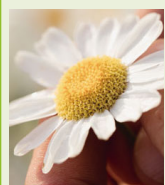
**Enhance
our global footprint**

- ❑ Acquired Excel Crop Care Ltd., an Indian agrochemicals company, which will merge with Sumitomo Chemical India



**Accelerate
development of
new products
(B2020, A2020)**

- ❑ Development of B2020 in progress (Registration applications filed for a product)
- ❑ Alliances with major agrochemical companies
- ❑ Expanding R&D facilities and test fields



**Expand
our differentiated
businesses
(biorational and
rice businesses)**

- ❑ Acquired a plant growth regulator business from Kyowa Hakko Bio.
- ❑ Acquired Botanical Resources Australia Group
- ❑ Entered into the rice business



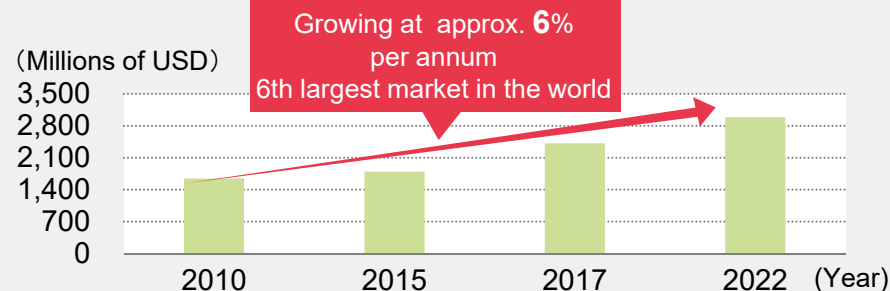
**Expand
methionine business**

- ❑ Commercial production begun at our new plant
- ❑ Expand sales through collaboration with ITOCHU

Health & Crop Sciences: Strengthening Crop Protection Business India

Merger of Excel Crop Care Ltd. and Sumitomo Chemical India

Growth of India's crop protection market



ECC

- Strong sales channel in northwest India
- Sales channels to over 4,700 wholesalers
- Three production bases
- Broad product portfolio

SC India

- Strong sales channel in southeast India
- Sales channels to over 9,000 wholesalers
- Two production bases
- Strong sales in the specialty area



Profile of the new company

The surviving company: Sumitomo Chemical India
Sumitomo Chemical's shareholding ratio: 75% after listing
To be merged in 2019

Major synergies

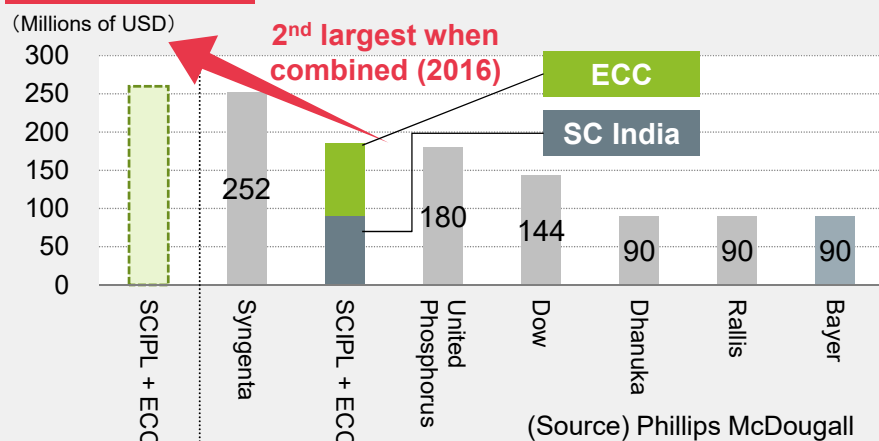
Sales expansion by leveraging the respective companies' sales channels and product portfolios

Launch and promotion of mixture products

Establish a global production network

Crop protection market by Company in India

Aiming to become the market leader in India by 2020



Contribute significantly to increasing our presence in the fast growing crop protection market in India

Health & Crop Sciences: Progress in Pipeline Development

B2020

Compound	Use	Evaluation	Full-scale development	Registration
INDIFLIN™ (inpyrfluxam)	Agricultural fungicide e.g. Soybean rust		✓ Completed	✓ Submitted in 2017
PAVECTO™ (methylnetruprole)	Agricultural fungicide e.g. Septoria		✓ Completed	✓ Submitted in 2018
ALLEST™ (oxazosulphyl)	Agricultural insecticide e.g. Major rice pests etc.		✓ Completed	✓ Plan to submit in Q1 2019
Product Name Undecided (pyridacloimethyl)	Agricultural fungicide e.g. Field crop and vegetable diseases		✓ Completed	

A2020

Pipeline A	Next generation herbicide effective against weeds having resistance issue		Full-scale development started	
Pipeline B	Agricultural plant growth regulator		Full-scale development in progress	
Pipeline C	Botanical insecticide for agriculture and household hygiene		Full-scale development in progress	
Pipeline D	Agricultural insecticide to control insecticide-resistant pests		Evaluation in progress	

Business Potential: approx. ¥150-200 billion

Health & Crop Sciences: Expansion of Our Biorational Business

Expansion of our Biorational Business

Year	Topics
2000	Purchased microbial pesticides business from Abbott laboratories → Established Valent Biosciences (VBC)
2014	Built Valent Biosciences LLC, Osage Plant (Iowa)
2015	Purchased Mycorrhizal Applications
2016	Signed two agreements on licensing, development and commercialization cooperation with Lidochem and with Rizobacter
2017	Purchased biorational business from Kyowa Hakko Bio
2018	Built Biorational Research Center



Biorationals Market

	Market size	Annual growing rate
Microbial pesticides	For agricultural use: ¥50 billion For household and public hygiene: ¥11.7 billion	9-11%
Plant growth regulators	¥33 billion	3-5%
Biorational rhizosphere	¥28 billion	10-12%




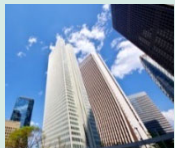
Total sales of our biorational business



Pharmaceuticals: Progress on Strategic Initiatives

Challenges

- ❑ Sustained growth after the LATUDA business transition period
- ❑ Manage the effect of public policy measures to promote the use of generic drugs

Business Strategy	Progress
 In-license and acquire third-party products under development	<ul style="list-style-type: none"> ❑ Launched COPD treatments (Peak revenue: Approx. 50 billion yen) ❑ NDA field for Parkinson's treatment (Peak revenue: Approx. 50 billion yen)
 Accelerate the development of products in late-stage development	<ul style="list-style-type: none"> ❑ Acquired Cynapsus Therapeutics (Parkinson's treatment) ❑ Acquired Tolero Pharmaceuticals (hematologic cancer treatment) ❑ Acquired the license for diabetes treatment Imeglimin
 Accelerate the development of regenerative and cellular medicine	<ul style="list-style-type: none"> ❑ Began operation of the regenerative medicine and cell therapy manufacturing plant ❑ Began physician-initiated clinical trials for Parkinson's disease treatment
 Reform the structure of our pharma business in Japan	<ul style="list-style-type: none"> ❑ Implemented an early retirement program in Japan (Sumitomo Dainippon Pharma) ❑ Established the Japan Business Unit as a cross-functional virtual organization for strengthening domestic business

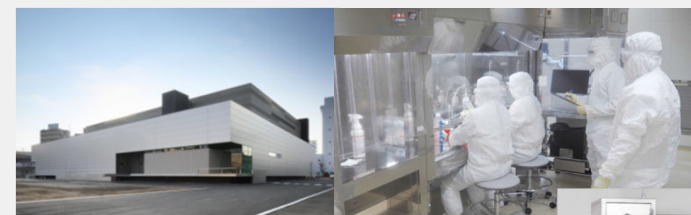
Pharmaceuticals: Initiatives in Regenerative Medicine & Cell Therapy Business

Proposed indication, etc.	Partnering	Region (planned)	Clinical research/ Clinical study
Chronic stroke (SB623)	SanBio	North America	Phase 2b study in progress ^{*1}
AMD (age-related macular degeneration)	Healios RIKEN	Japan	Preparing for clinical study
Parkinson's disease (Designated as a "SAKIGAKE")	Kyoto Univ CiRA	Global	Clinical study started august 2018
Retinitis pigmentosa	RIKEN	Global	Preparing for clinical research
Spinal cord injury	Keio Univ Osaka National Hospital	Global	Preparing for clinical research

Aim to launch in FY2022^{*2}

World's First Commercial Manufacturing Facility for Allogenic iPS Cell-derived Medicines "SMaRT"

- GMP Compliant
- Closed production lines* for all processes
- Independent HVAC systems for each production zone



* Raw materials and products are not exposed to the outside environment (non-sterile environment)

^{*1} Planning to conduct Phase 3 study, but aiming to apply for accelerated approval, depending on Phase 2b study results.

^{*2} Launch schedule is based on our plan and not agreed on by partners.

1st Stage (early 2020s)

- Advance development of five projects in Japan and the U.S.
- Build a GMP production framework
- Continue striving for next-generation technologies

2nd Stage (late 2020s)

- Launch a product in Japan and the U.S.
- Enhance and expand next-generation pipeline

3rd Stage (around 2030)

- Commence full-fledged commercialization of multiple products in Japan and the U.S.
- Roll out new businesses

Expected to grow into a core business of the Pharmaceuticals sector by 2030

Status of LATUDA® ANDA litigations (U.S. Patent No.9,815,827 / 9,907,794)

■ Litigations filed in February 2018

Focused efforts concerning '827 patent, while reserving the right to dispute the court's construction of claim and assert infringement regarding '794 patent in an appeal

- ✓ Claim construction ruling (Markman Ruling) issued by the court on October 5, 2018
- ✓ Preparing for the trial, expected to be an intensive one for a week in late November to early December 2018

In parallel with the preparation for the trial, the court has required that, under its direction, DSP/Sunovion participate in separate settlement negotiation with each defendant

- ✓ Number of defendants has been reduced from the original 16 defendants to 10 defendants (as of October 29, EST), thanks to settlement efforts made so far

■ Litigations newly filed after May 2018

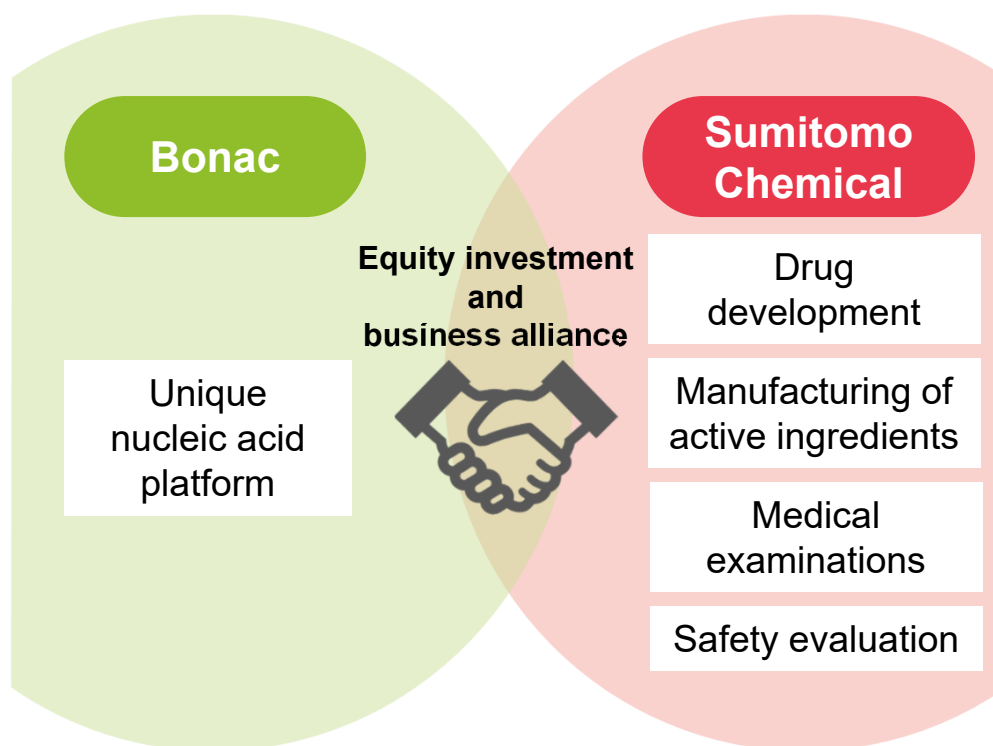
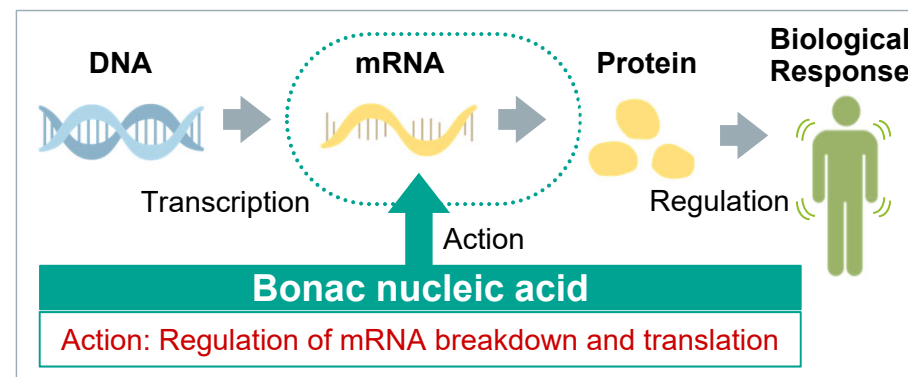
- ✓ Subsequent to May 2018, we filed, similarly to the above February litigation, three additional lawsuits to assert '827 and '794 patents (one filing each in August, September and October) against three generic manufacturers who newly filed ANDA
- ✓ The trial schedule of the February litigations not affected by these new litigations, as these litigations proceed independently of the above February litigations

(Source) Dainippon Sumitomo Pharma Investors Meeting Presentation for Q2 FY2018 presented on October 30, 2018

Pharmaceuticals: Initiatives in Nucleic Acid Medicine

Nucleic Acid Medicine

Next-generation treatment following small molecule pharmaceuticals and biopharmaceuticals, such as antibody drugs



News

Phase I clinical trials have begun for nucleic acid medicine TRK-250 (idiopathic pulmonary fibrosis treatment), jointly developed by Bonac and Toray Industries.

SC is to supply the active ingredient

- ◆ Compliant with GMP
- ◆ High yield
- ◆ Scalable

Seek to enhance synergies of the alliance, including application of the long-chain nucleic acid synthesis technology to gene therapy

Pharmaceuticals: Nihon Medi-Physics Expansion of Healthcare Businesses

Theranostics

Theranostics

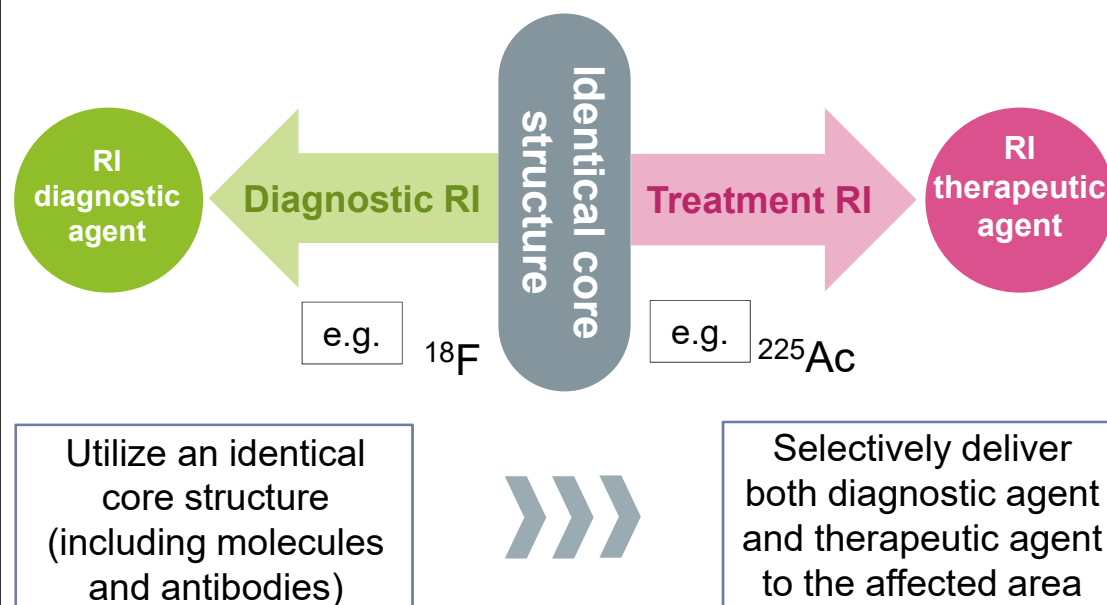
=

Therapeutics

+

Diagnostics

Basic Concept of Theranostics



Adopted in CiCLE*¹ of AMED*²

Construction of CRADLE*³ Building (planned for completion Sep 2019)

Research and development of radioactive diagnostic agents, and manufacturing and shipment of radioactive therapeutic agents

- Collaborate with neighboring Nihon Medi-Physics Chiba Works and Research Center
- Total construction costs: 3.3 billion yen

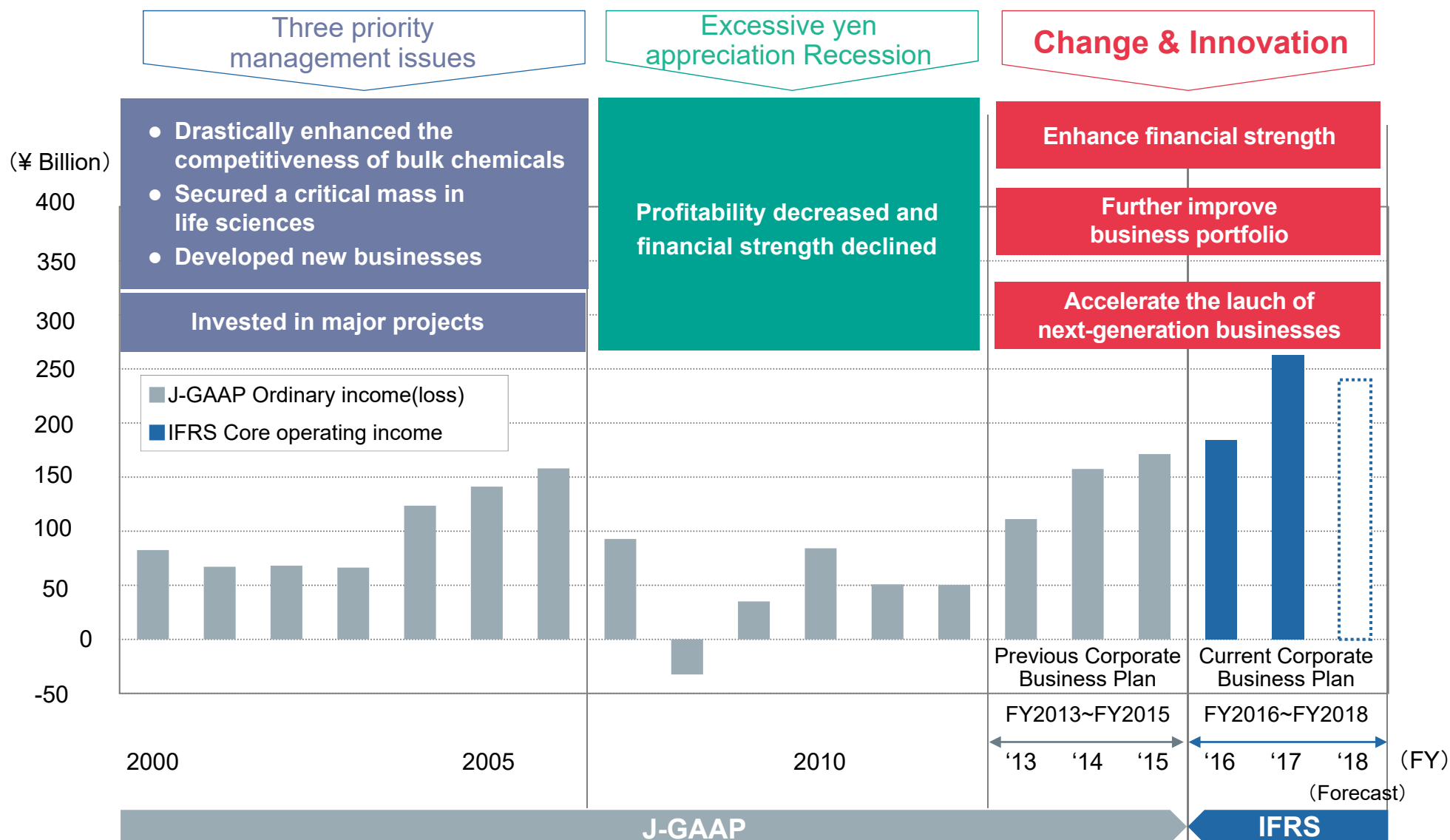


Develop Theranostics as soon as possible

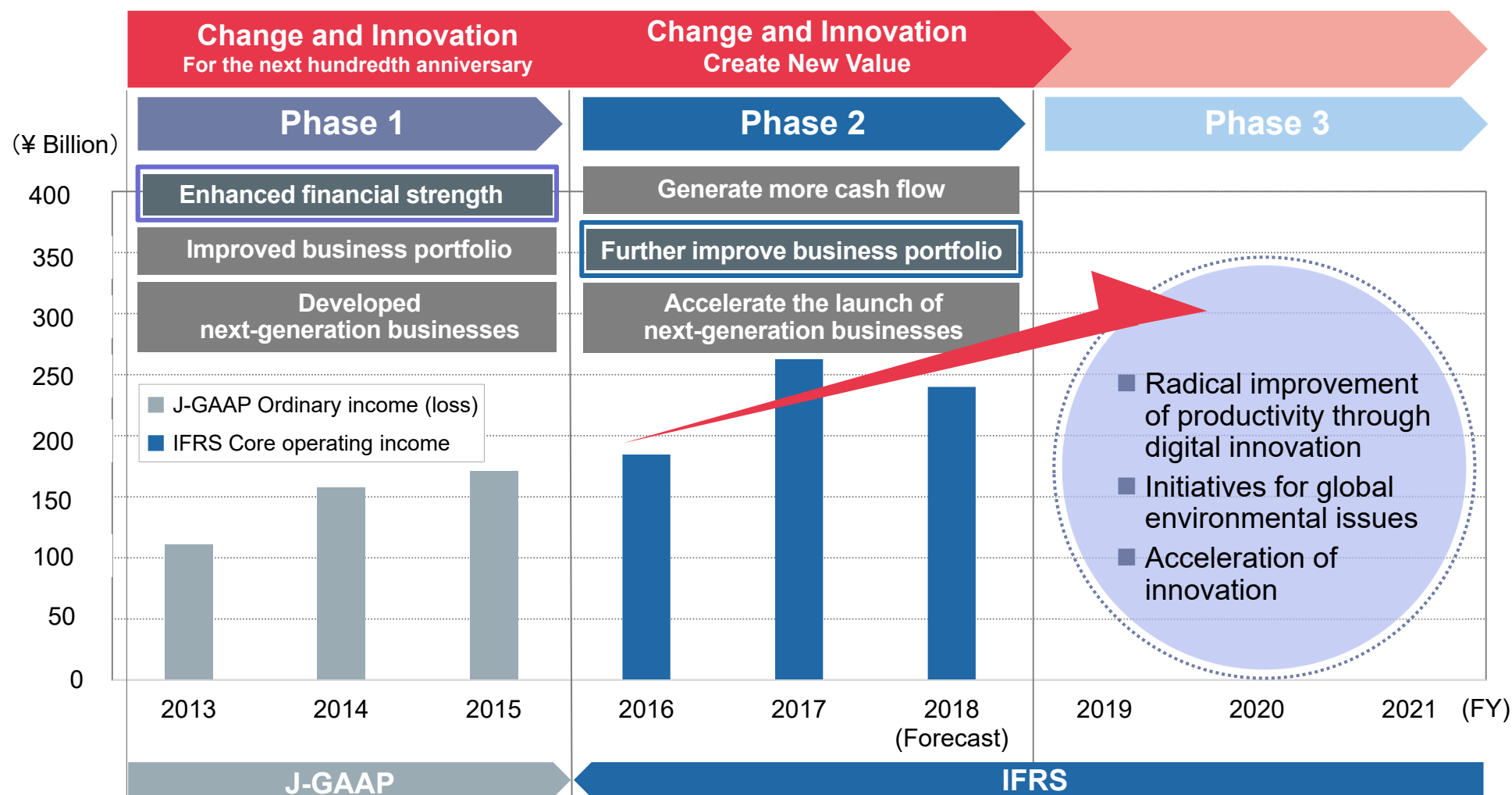
*1 CiCLE: Cyclic Innovation for Clinical Empowerment *2 AMED: Japan Agency for Medical Research and Development *3 CRADLE: Consortium for Radiolabeled Drug Leadership

Direction of Future Business Strategy

Management Strategy and Performance Trends from the early 21st century



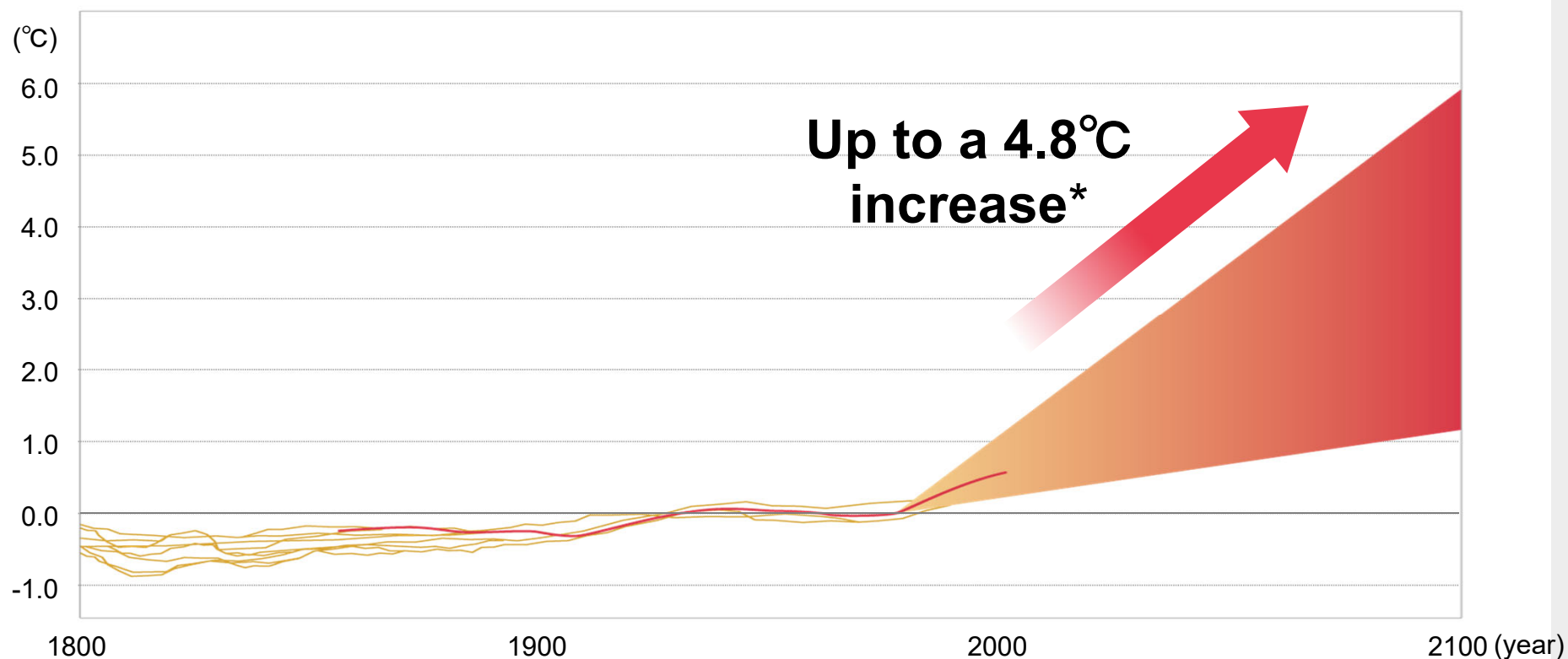
Current Management Strategy and Performance Trends: Management by Phase



Towards achieving continuous value creation

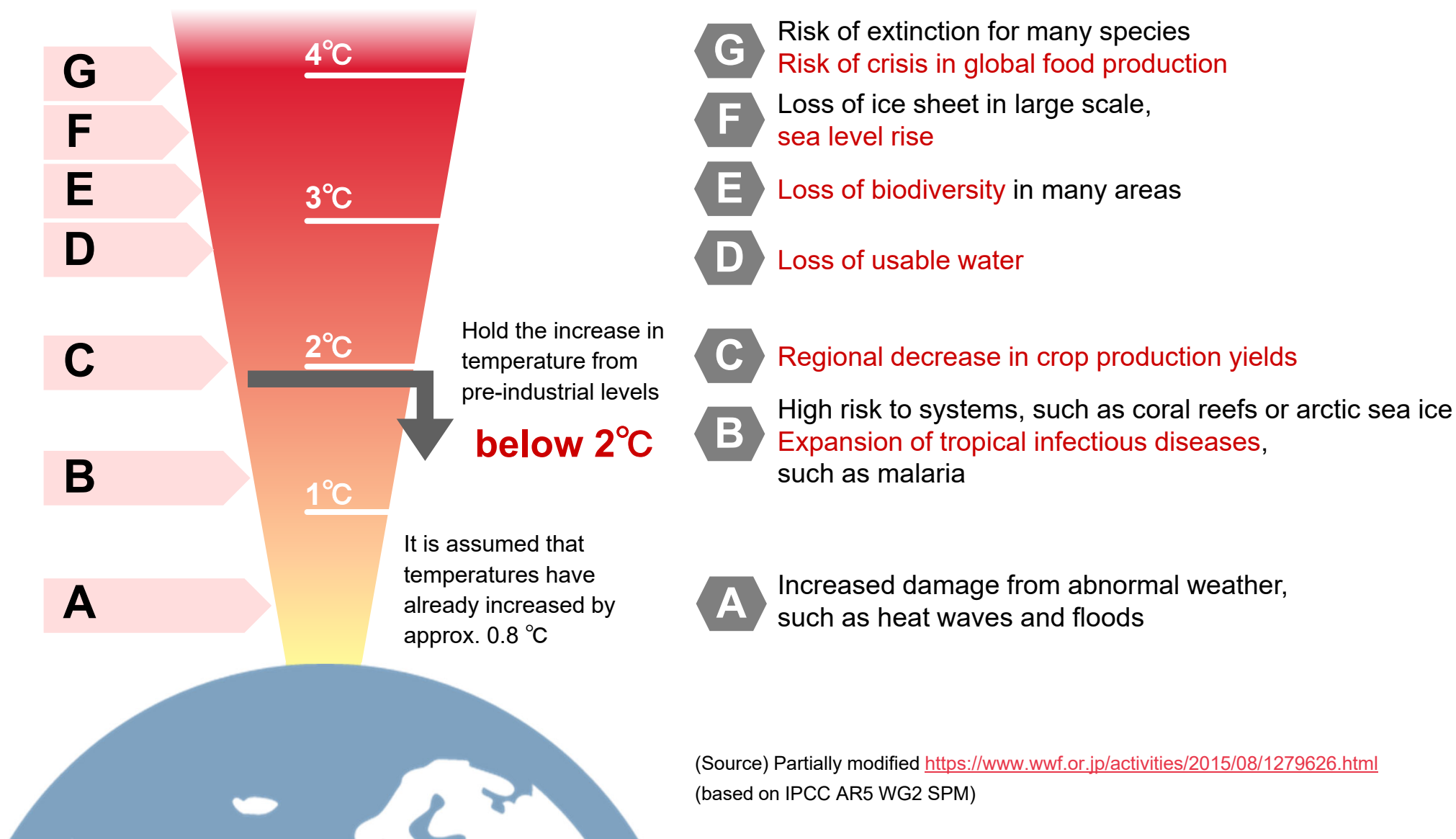
Initiatives for Global Environment Issues

**Change in Global Temperatures from 1800A.D. to 2100A.D.
(Observed and Forecast)**



* The difference between the average temperatures from 1986-2005 and forecasted average temperatures from 2081-2100
(Source) IPCC 5th Assessment Report

Initiatives for Global Environment Issues



Initiatives for Global Environment Issues

Participation in external initiatives



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

Since August 2018:

Joined in the “TCFD Study Group,” led by Ministry of Economy Trade and Industry for mobilizing green finance through proactive corporate disclosure

Studying how to improve disclosure so that Japanese companies' strengths will be fully valued

Our Efforts

Risk Management



October 2018,
first certified among
diversified chemical
companies

Fuel conversion

Technology development

Expanding Opportunities (Contributing through own business)

Sales of environmentally friendly products

Sumika Sustainable Solutions

Expand sales of the products designated as SSS

Reduction of emissions throughout
the product life cycle

**Reduction of emissions
from our own operations**

+

**Contribution through
environmentally friendly products**

Initiatives for Global Environmental Issues

Our greenhouse gas reduction targets have been certified by the SBT Initiative



Committed Companies: 503

Certified Companies: 156 including 32 Japanese companies
(As of November 21, 2018)

Scope 1 + 2 ^{*1}

By FY 2030

**Reduce by
30%^{*3}**

By FY 2050

**Reduce by
57%^{*4}**

Scope 3 ^{*2}

By FY 2024

**Have major suppliers^{*5}
set reduction targets**

^{*1} Scope1 : Direct emissions from factory operations, such as fuel use in manufacturing processes
Scope2: Indirect emissions from purchases of power and heat from outside the factory

^{*2} Scope3 : Emissions from the manufacturing and transportation of purchased raw materials

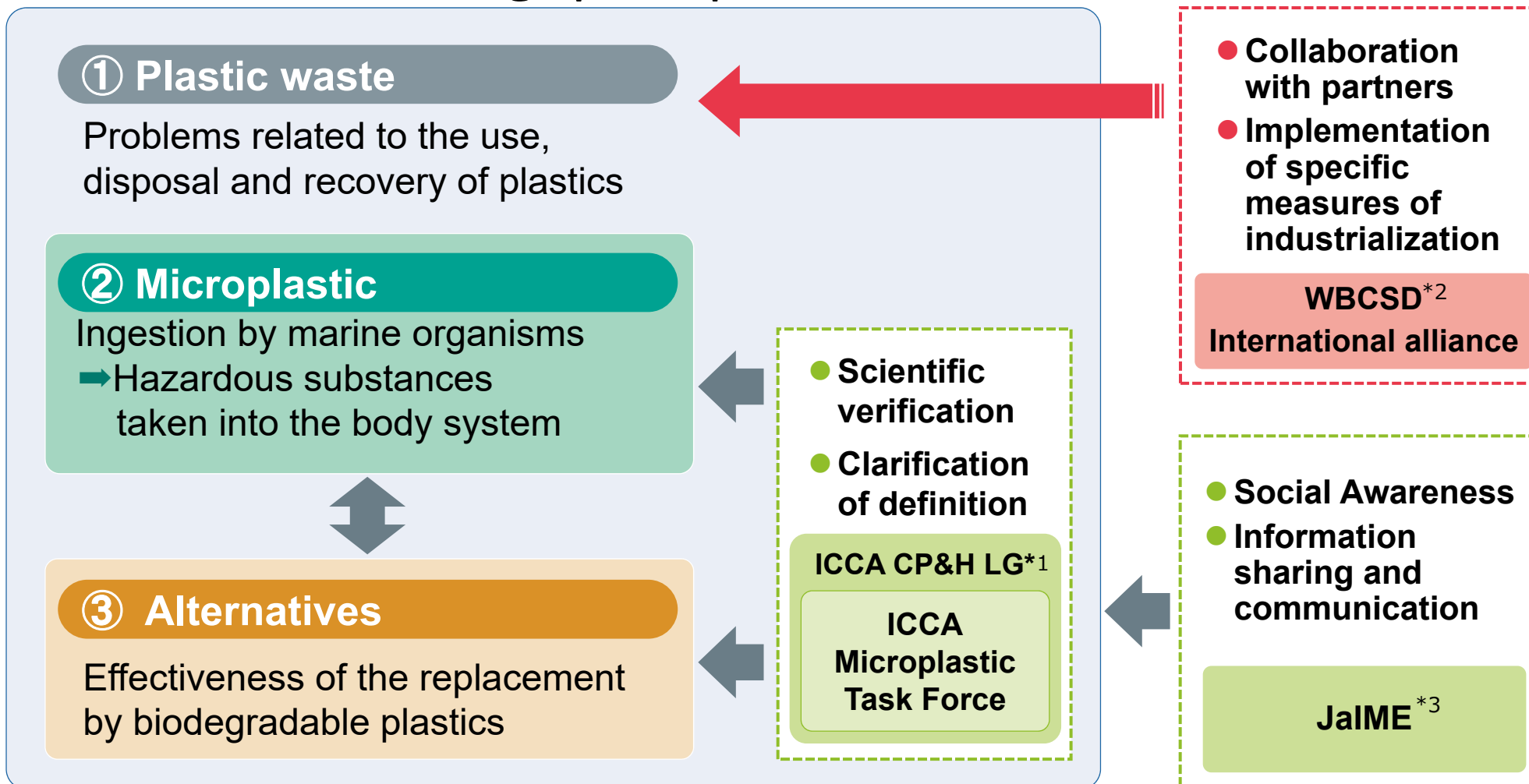
^{*3} Compared to FY2013

^{*4} Compared to FY2013. In addition to Scope1 and Scope2 GHG emissions reduction, the company provides solutions to significantly reduce GHG emissions across the value chain.

^{*5} Engage major suppliers (suppliers who in aggregate account for 90% of purchased raw materials on a weight basis) in the SBT efforts so that they set their own science-based GHG reduction targets.

The Issue of Plastic Waste

Our commitment through participation in external initiatives



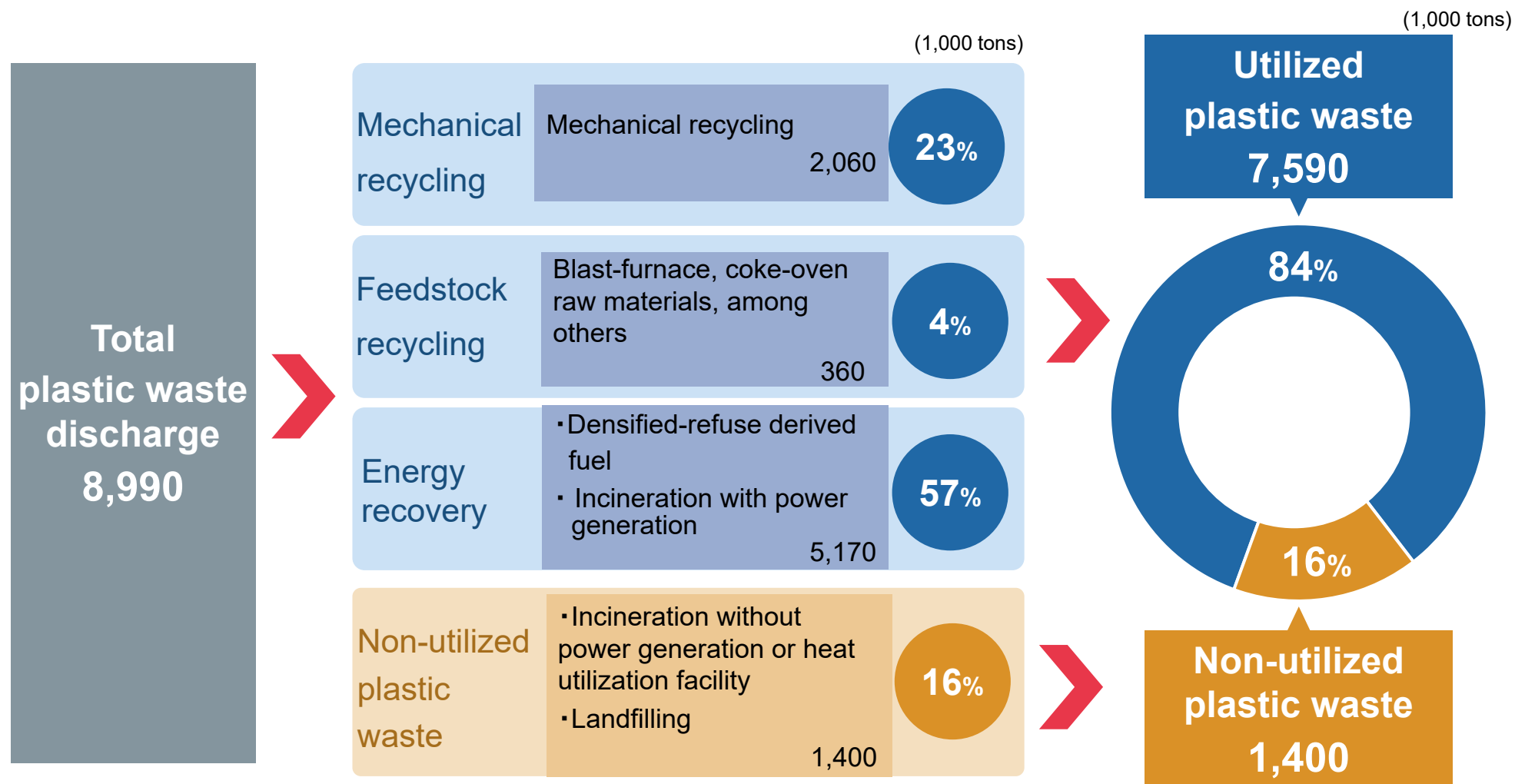
*1 International Council of Chemical Associations, Chemical Policy & Health Leadership Group

*2 World Business Council For Sustainable Development

*3 Japan Initiative for Marine Environment

The Issue of Plastic Waste

Flowchart of disposal and recovery of domestic plastic waste, 2016



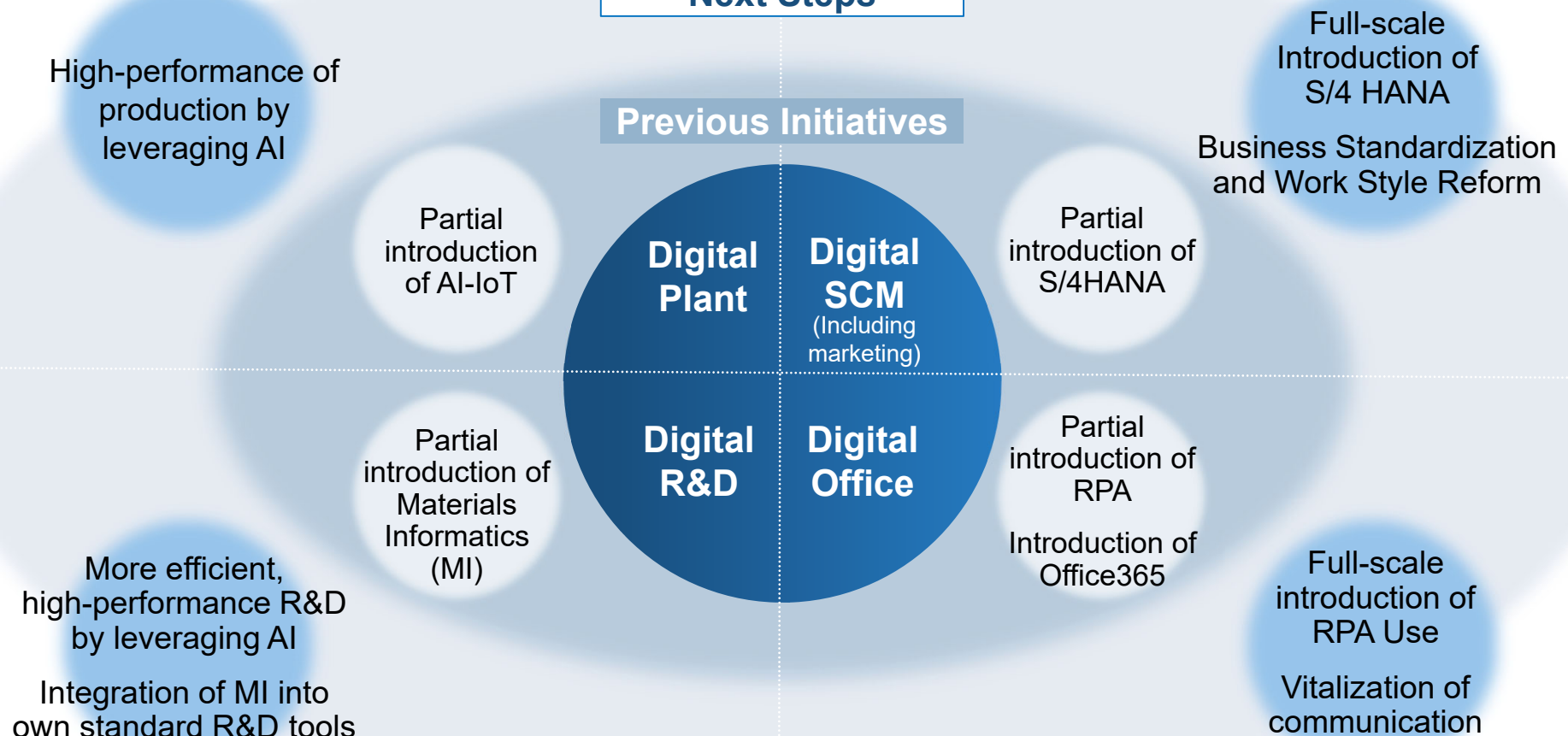
(Source) PWMI (Plastic Waste Management Institute), "An introduction to Plastic Recycling in Japan 2018", partially modified by Sumitomo Chemical

Drastic Improvement of Productivity through Digital Innovation

From Introduction of Prototypes to Full-scale Rollouts

Next Steps

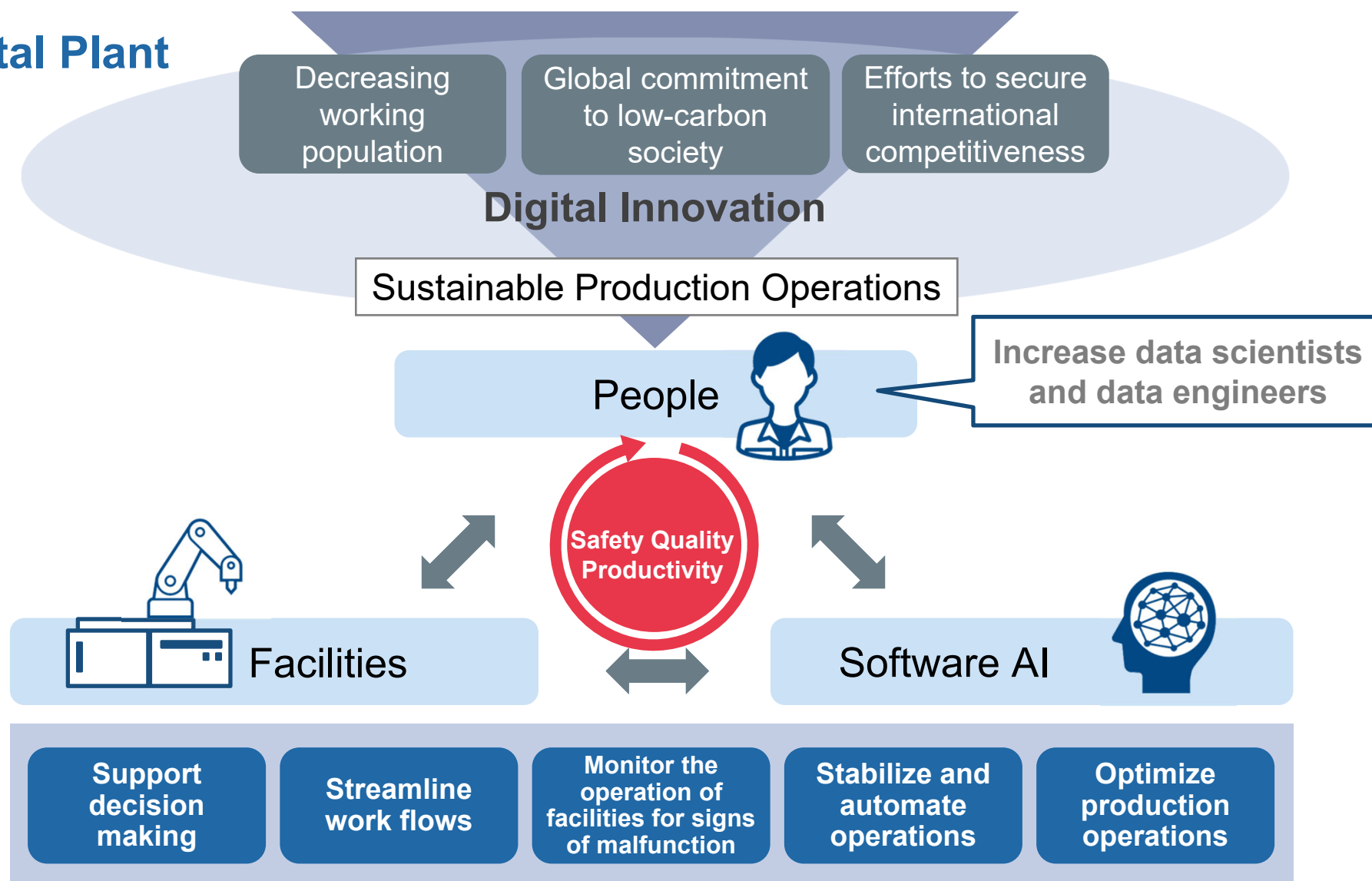
Previous Initiatives



Promote value creation through digital innovation

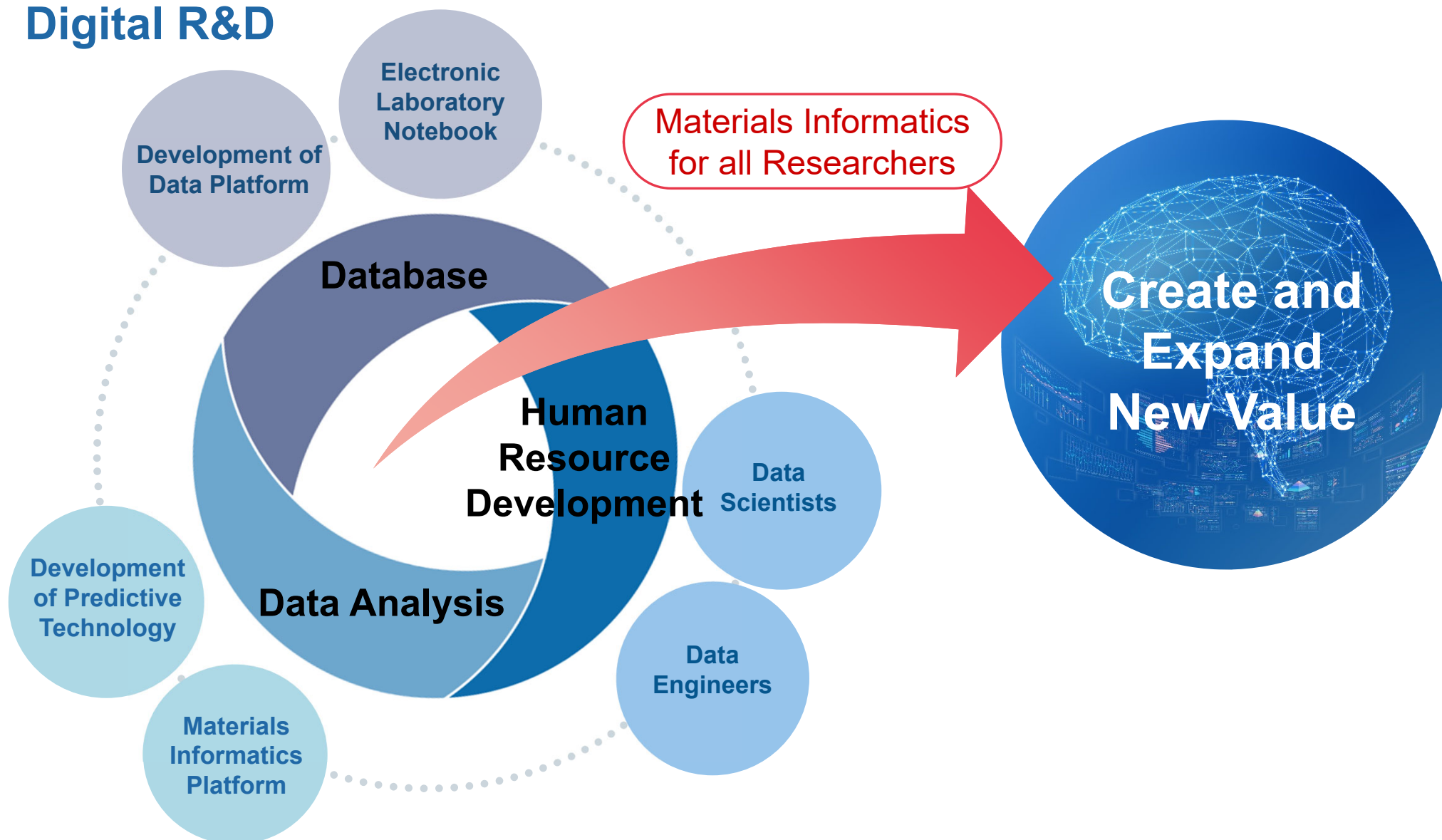
Digital Innovation in Production and Research

Digital Plant



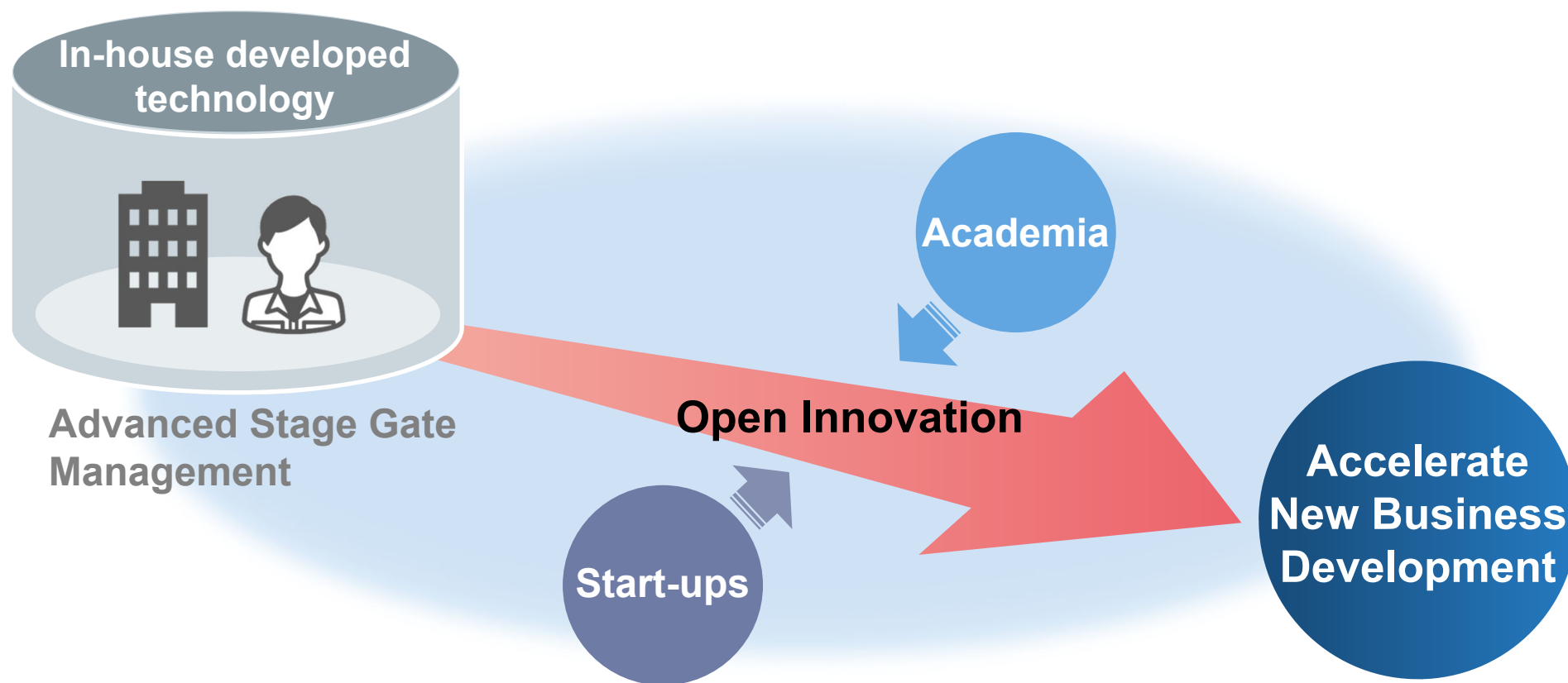
Digital Innovation in Production and Research

Digital R&D



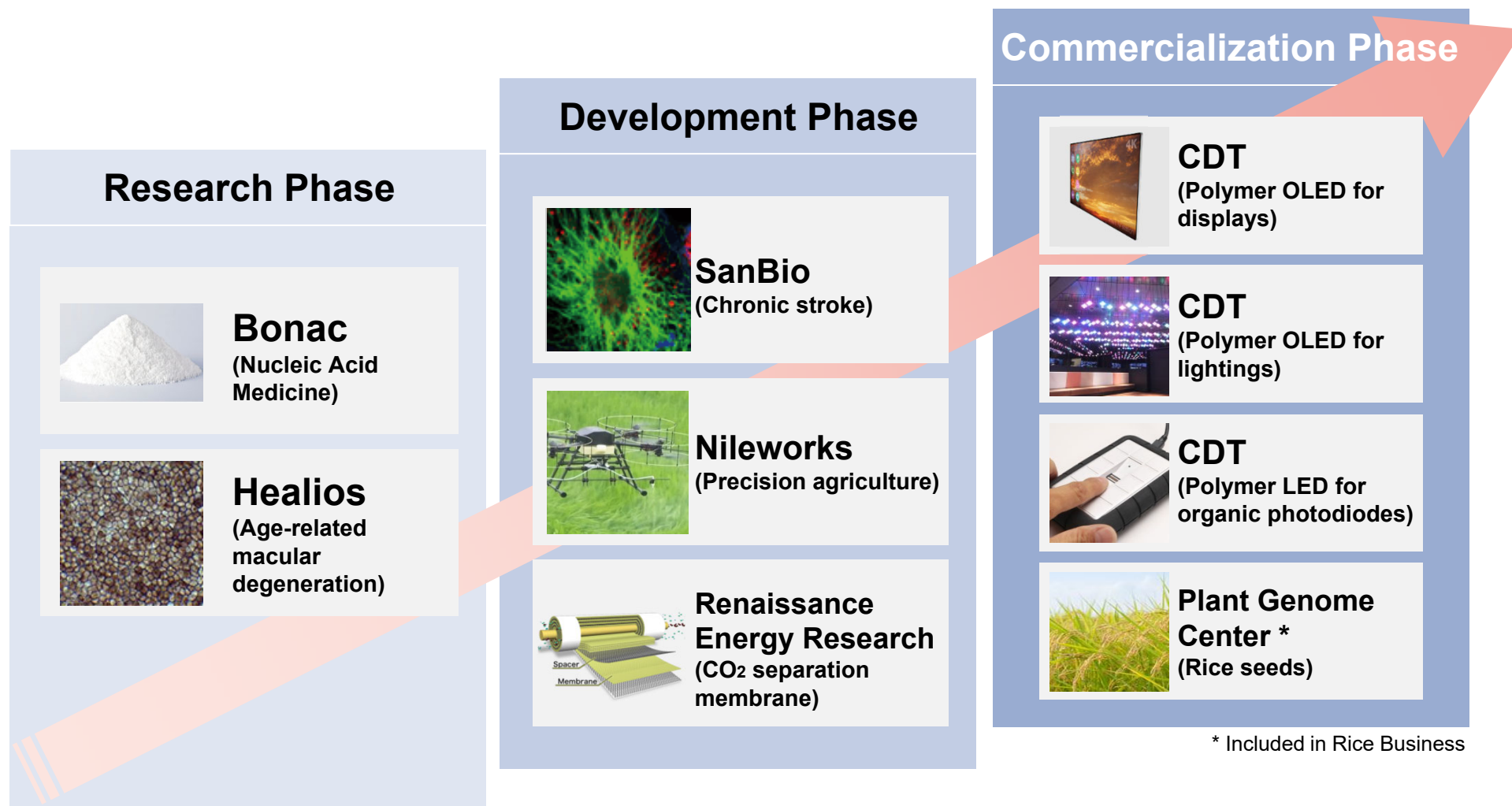
Initiatives to Accelerate Innovation

Accelerate new business development by further strengthening in-house technology development and more actively promoting external collaboration



Create autonomous and sustainable innovation

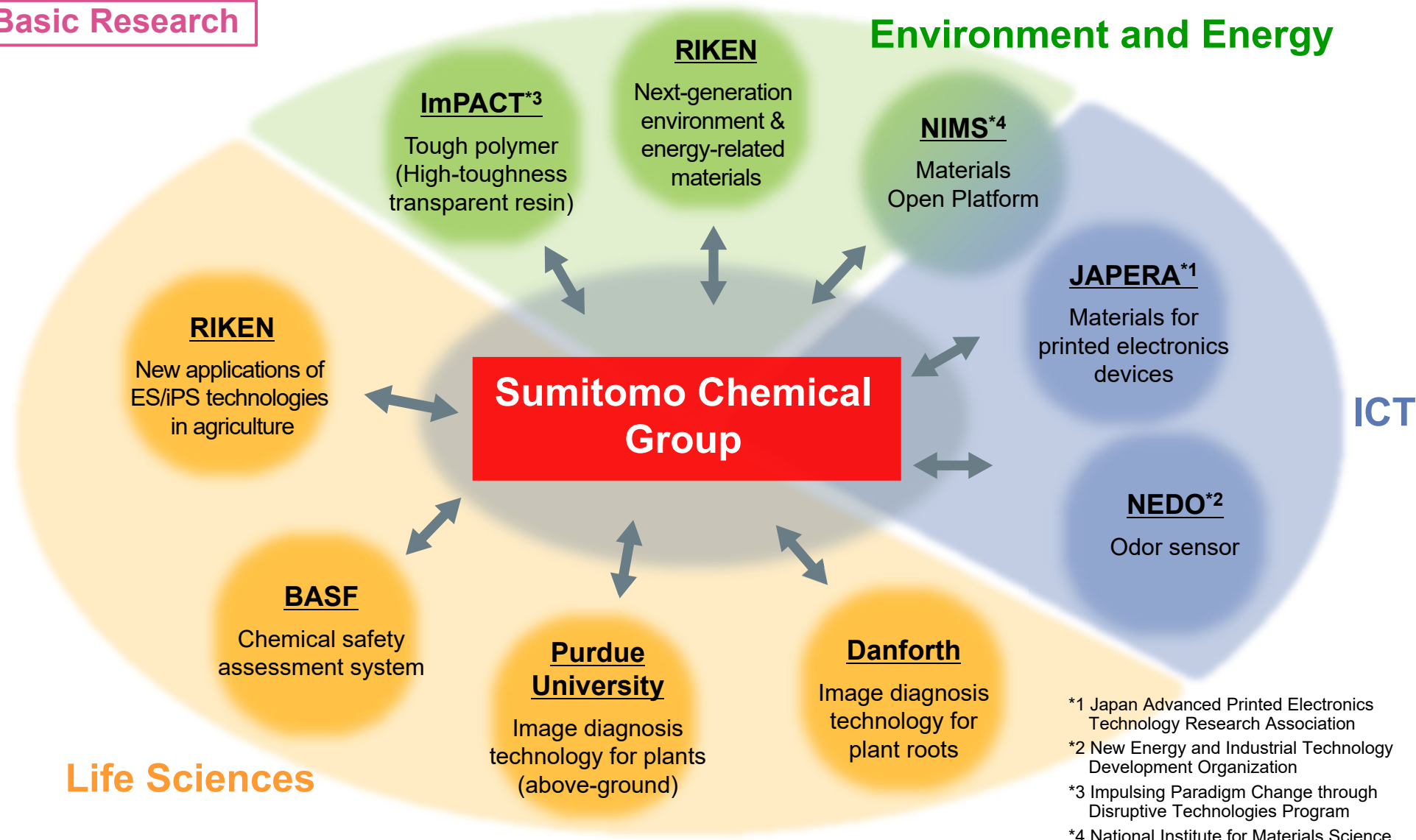
Collaboration with Start-up Companies



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

Promote Open Innovation

Basic Research

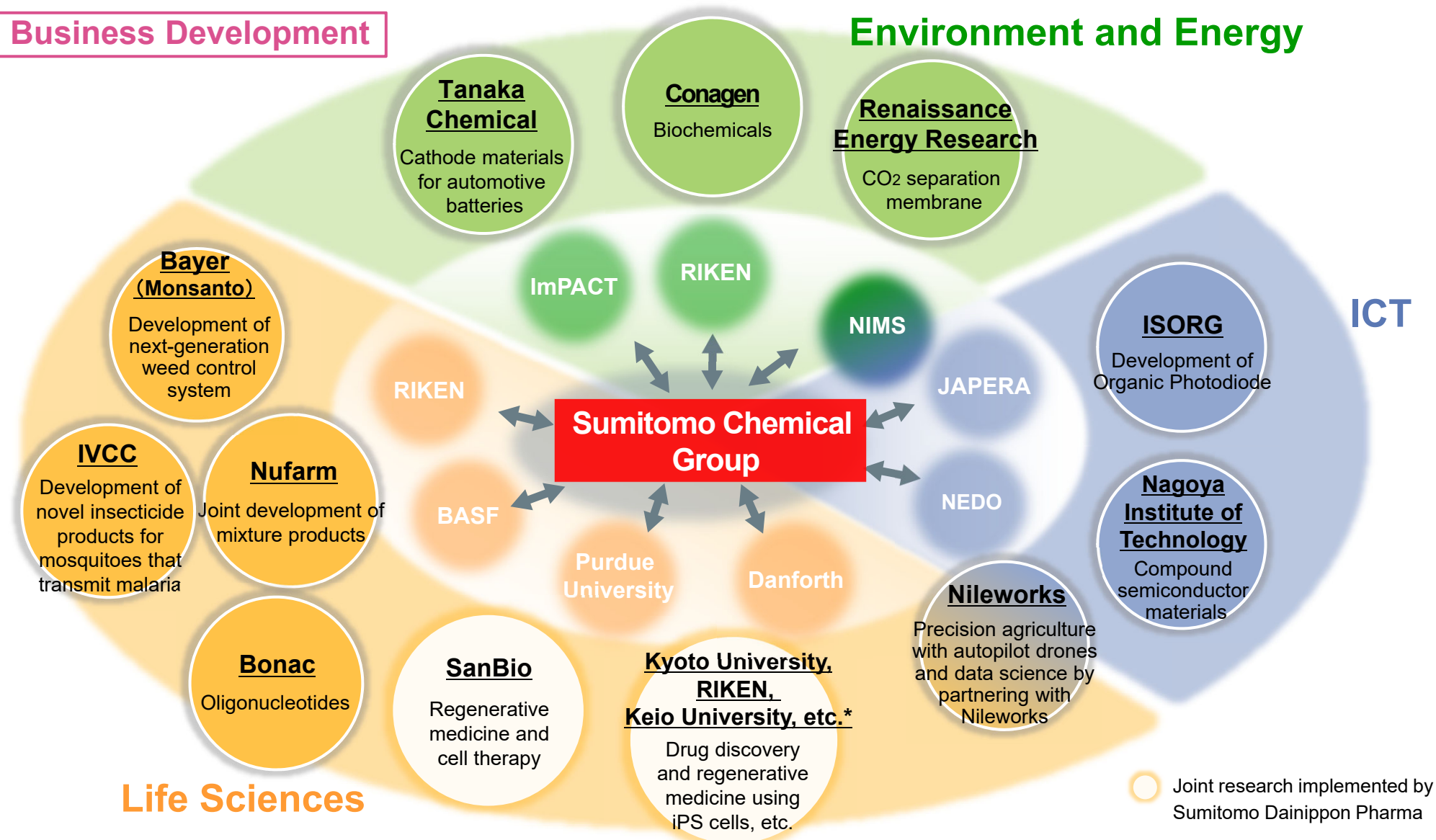


Promote Open Innovation

Business Development

Environment and Energy

ICT



Initiatives for Sustainability



Top Commitment

SDGs
Badge



Through Business

Sumika Sustainable Solutions

- ☐ Olyset™ Net
- ☐ Separators and others

Full Participation

Sustainable Tree

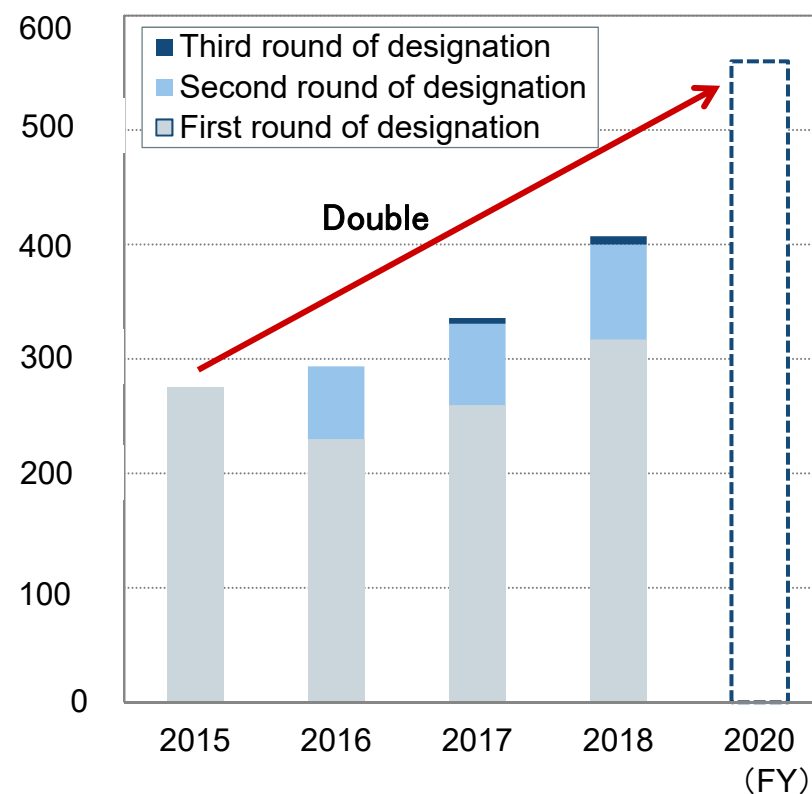


Sumika Sustainable Solutions

Designated 10 additional products and technologies

Sales of SSS-Designated Products and Technology

(¥Billion)



Held the Second Sustainability Promotion Committee



Report / Advise

SOLUTION

Contribute to the sustained growth of society through our business

INITIATIVE

Participate in international initiatives

ENGAGEMENT

Communicate with stakeholders

Purpose

1. Oversee the Group's overall activities to promote sustainability
2. Perform bird's-eye evaluation of the contributions of the Group's operations to sustainability
3. Accelerate integrated efforts to solve issues in society, such as the SDGs

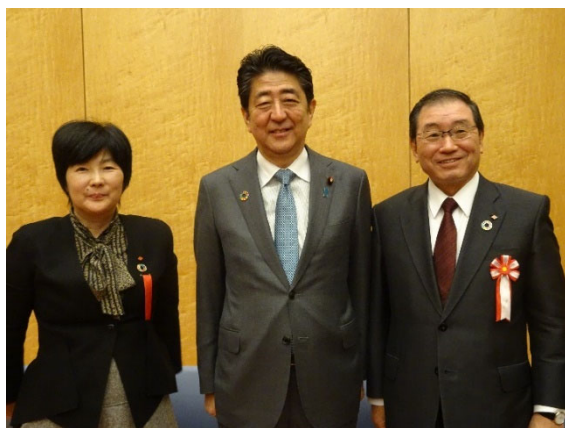
Oversee the Group's overall activities and take an integrated approach

Initiatives for Sustainability (External Evaluation)

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

(Reasons for the award)
Track record in initiatives to achieve the SDGs

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



Sumitomo Chemical's Initiatives covered by the White Paper on the Environment (2017 Ver.)

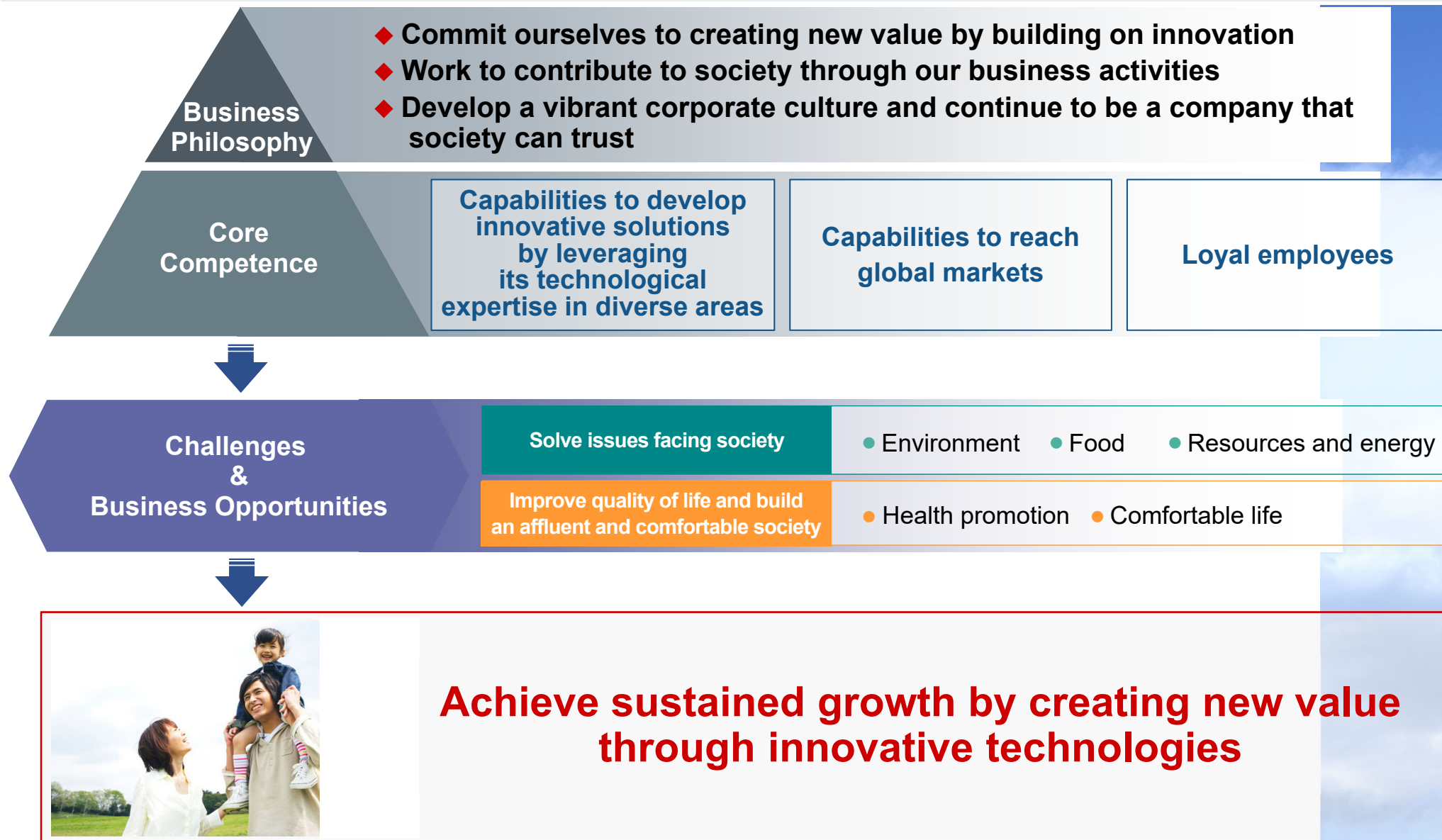
Sumitomo Chemical was the only private-sector company featured as a "company incorporating the SDGs into corporate strategy."

Recognized as a Lead Participant in the UN Global Compact

34 companies and organizations have been recognized for their contribution to the Global Compact, two of which are Japanese companies.



What Sumitomo Chemical Strives To Be



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.