



Sumitomo Dainippon
Pharma

Innovation today, healthier tomorrows

ESG Meeting (Discussion with Investors)

December 18, 2020

Sumitomo Dainippon Pharma Co., Ltd.

Disclaimer Regarding Forward-looking Statements

This material contains forecasts, projections, targets, plans, and other forward-looking statements regarding the Group's financial results and other data. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of preparation of such statements and involve both known and unknown risks and uncertainties.

Accordingly, plans, goals, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein.

Information concerning pharmaceuticals (including compounds under development) contained herein is not intended as advertising or as medical advice.

Today's Agenda

1. Business Model

Hiroshi Nomura Representative Director, President and CEO

2. Materiality and Corporate Governance

Hiroshi Nomura Representative Director, President and CEO

3. Research & Development

Toru Kimura Member, Board of Directors, Senior Executive Officer and CSO

4. Human Resources, Social Contributions, Environment

Atsuko Higuchi Executive Officer

5. Panel Discussion

Facilitator : Mariko Mishiro RIDEAL CEO

Panelist : Masayo Tada Representative Director, Chairman

Hiroshi Nomura Representative Director, President and CEO

Toru Kimura Member, Board of Directors, Senior Executive Officer and CSO

Nobuhiro Endo Member, Board of Directors (Outside)

Atsuko Higuchi Executive Officer

6. Q&As and Comments

Business Model

Hiroshi Nomura
Representative Director, President and CEO

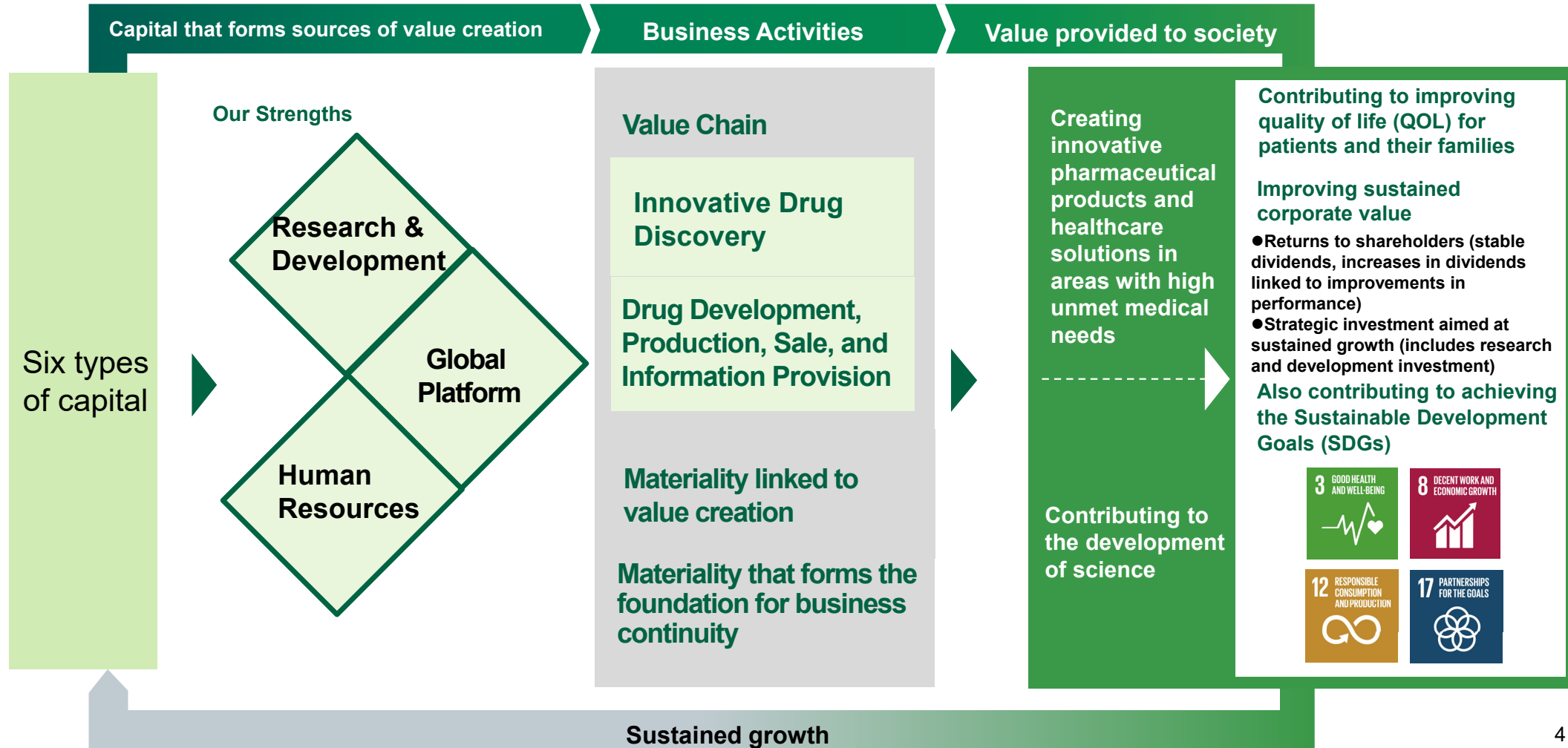


Value Creation Strategies Business Model and Growth Strategy

Integrated Report
P. 23-24



Utilizing our strengths to create the new drugs patients need



Value Creation Strategies Business Model and Strategic Alliance with Roivant

- ✓ To add the “Best in class focused on value” to our R&D areas
- ✓ To accelerate the digital transformation (DX)

➔ **Achieving sustained growth**

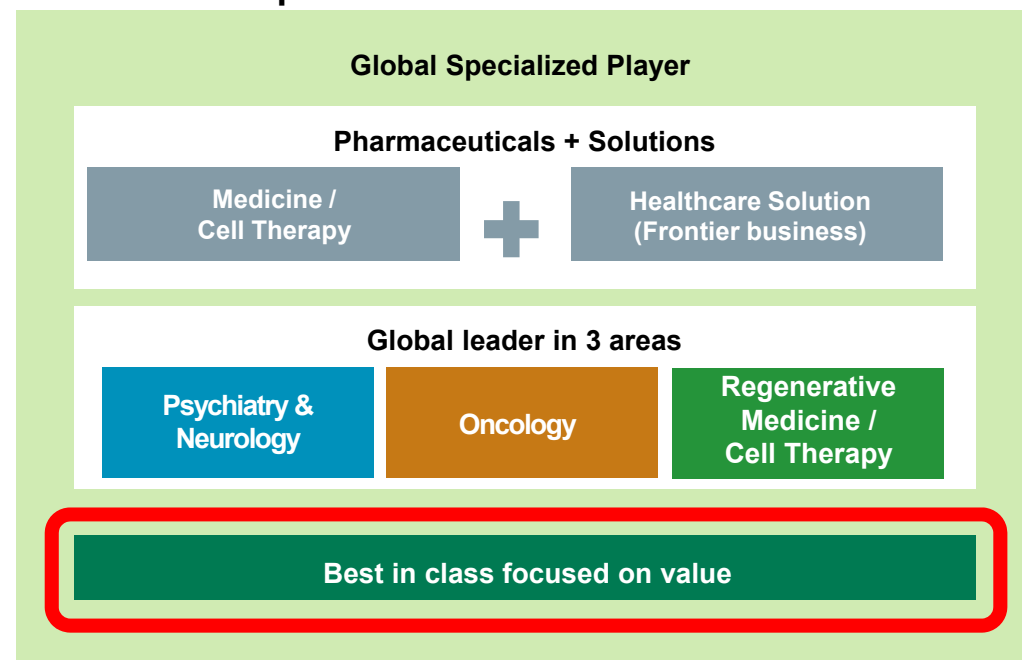
Opportunities and risk of first in class drug discovery

- ✓ While the three focus research areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine / Cell Therapy involve high unmet medical needs and allow us to tap into our strengths, there is a high degree of uncertainty and difficulty in research and development
- ✓ It is challenging to develop/launch a seamless flow of innovative new drugs only in those three areas in which we seek to develop first in class new medications
- Acquired relugolix and vibegron, late-stage development assets that are potential near-term blockbuster products
- Allows us to mitigate our risks as a pharmaceutical company and continually invest in first in class drug discovery

DX strategies

- ✓ DX is considered to be one of the “growth engines” and “foundations of a flexible and efficient organization” in the Mid-Term Business Plan 2022
- Having acquired technology platforms, DrugOME and Digital Innovation, and human resources, we will accelerate DX by focusing on the creation/enhancement of business value
- Focus technology initiatives on business value delivery and develop digital talents

Position we aspire to establish in 2033



Best in class: There are existing drugs, but new drugs that have a clear advantage over the existing drugs

- ✓ DX forms the foundation of every process of our business model
- ✓ Each business unit promotes utilization of digital technology (some have begun accelerating efforts due to COVID-19)

Promoting use of DX for R&D (Japan, U.S.)

- Utilizing AI drug discovery and other cutting-edge technologies
- Utilizing DrugOME and Digital Innovation
 - Developing algorithms for efficient selection of drug discovery targets, analyzing competitive landscape by using natural language processing
 - Evaluating business opportunities of development compounds by using real world data, optimizing study designs, investigational agents' supply chain, etc.

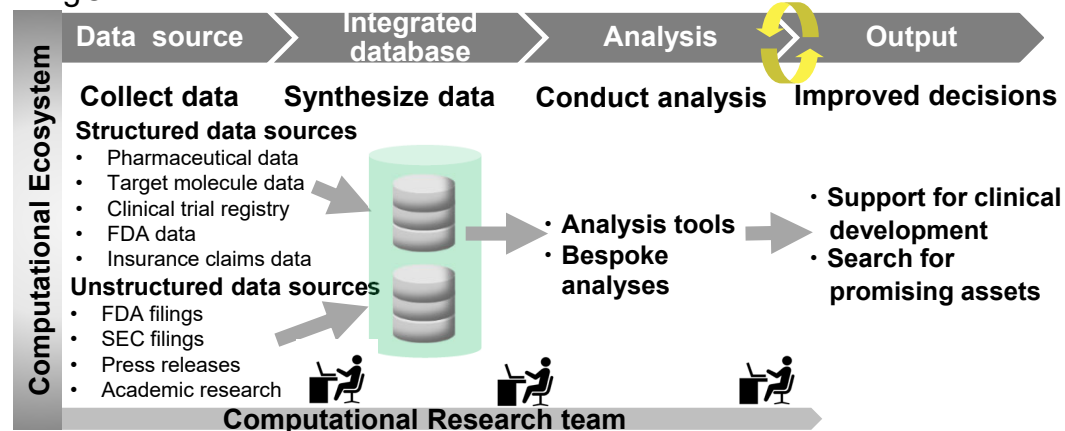
Accelerating operational reform (Japan)

- Improving/expanding communications infrastructure (to allow all of the approx. 3,000 employees to work from home)
- Utilizing online meeting systems (attendance at the Head Office: 20-30%)
- Computerizing internal procedures
- Introducing RPA (Robotic Process Automation) to non-core operations

Utilizing digital tools for information provision (Japan, the U.S., China)

- Organizing more interviews, informational meetings, etc. online
- In Japan, full-time remote MRs (iMRs), virtual MRs (vMRs), and XR (Extended Reality) have become operational

DrugOME



Materiality

To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide



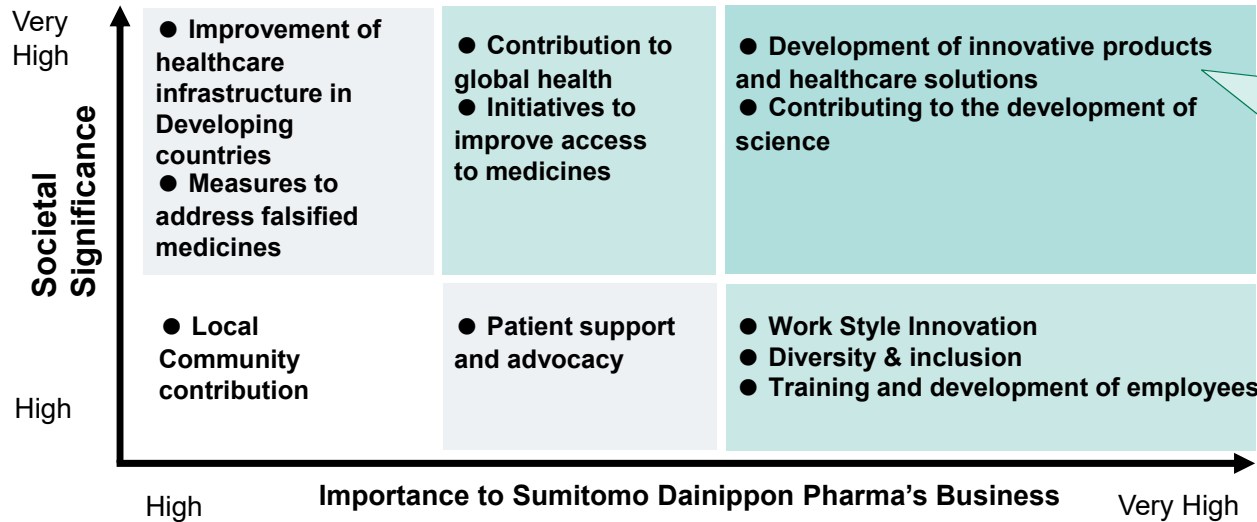
Corporate Culture

After the merger of Dainippon Pharmaceutical Co., Ltd. and Sumitomo Pharmaceuticals Co., Ltd. in 2005, we focused on a fusion and harmony of minds to achieve synergies as quickly as possible. As a result, we have been able to nurture a corporate culture in which the positive elements that both companies possessed before the merger are even more pronounced, namely, diligence and integrity, respect for others, and trust.

Going forward, we will further increase the diversity of our organizations and human resources to establish a “culture of challenge” in which we identify changes in the environment rapidly and proactively try new things.

Materiality linked to value creation

—solving issues is important for our sustained growth



Changes from 2019

① Materiality linked to value creation

Deleted areas (Psychiatry & Neurology, Oncology, Regenerative Medicine & Cell Therapy, Infectious Diseases, and Frontier business) from “Development of innovative products and healthcare solutions”

➤ Reason: Will focus on areas other than those

Changes from 2019

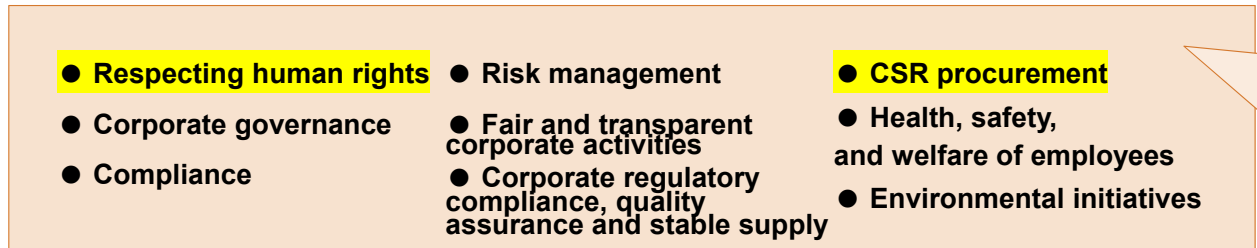
② Materiality that forms the foundation for business continuity

Made “Respecting human rights” an independent material issue from “CSR procurement (Respecting human rights)”

➤ Reason: In light of a growing awareness of human rights across the globe, a renewed focus will be placed on the respect for human rights in every aspect of our business activities

Materiality that forms the foundation for business continuity

—solving issues is essential for our sustained growth



- **Purpose of establishing**

To achieve our sustained growth and enhance our corporate value

- **Steps of establishing**

Deliberated three times in 2020 at the Management Committee

After discussions of both qualitative and quantitative goals, it was decided to set qualitative ones only for the first year of fiscal 2020

- **Issue**

Goals for the entire Group and those for the Japan business unit are mixed

- **Next steps**

We will continue reviewing the list as appropriate by taking into account our business strategies and comments received through dialogue with various stakeholders

Targets (qualitative targets) for Materiality linked to value creation

Development of innovative products and healthcare solutions

Contributing to the development of science

- Continuous development of pharmaceuticals in areas with high unmet medical needs
 - Concentration on the three focus research areas, best in class focused on values and other areas
 - Contribution to precision medicine*
 - Promotion of Innovative R&D utilizing big data and digital technology
 - Promotion of network-based drug discovery
- Development of healthcare solutions to respond to the future healthcare needs centered on areas where synergies with the pharmaceutical business can be expected

Work Style Innovation

- Improvement of productivity (work efficiency improvement, enhancement of individual capabilities)
- Improvement of employee satisfaction (employee satisfaction enhancement)
- Virtuous cycle in Work-life balance
- Curbing of long working hours (overtime work, late-night work, holiday work)

Diversity & inclusion

- Creation of an environment where each employee is respected for their difference and can perform at their full potential
- Promotion of active participation by female employees
- Promotion of active participation by people with disabilities through appropriate placement

Training and development of employees

- Fostering of leaders (DSP Academy)
- Promotion of company-wide education programs to enhance capabilities of individuals
- Promotion of English proficiency enhancement toward globalization
- Strategic allocation of human resources through talent management and acceleration of human resources development

Patient support and advocacy

- Information provision and communication support for patients and their families
- Promotion of support activities through donations and cooperation with patients' associations
- Strengthening of dissemination to raise awareness of diseases through our website

Contribution to global health

- Development of drugs to treat malaria and antimicrobial-resistant (AMR) bacterial infections
- Strengthening of public-private collaboration on countermeasures against AMR and appropriate use of antibiotics
- Promotion of public awareness-raising activities for health, hygiene, and nutrition

Initiatives to improve access to medicines

- Strengthening of response to requests for the development of unapproved and off-label drugs
- Acceleration of provision of drugs at fair prices
- Promotion of public awareness-raising activities with the aim of improving medicine-related literacy

Improvement of healthcare infrastructure in developing countries

- Support for capacity building of healthcare professionals, development of healthcare networks, etc.
- Support for development of pharmaceutical regulations and supply chains in collaboration with local governments and international organizations


Measures to address falsified medicines

- Prevention of falsification of medicines
- Detection of falsified medicines and illicit distribution

Local community contribution

- Promotion of social contribution / donations that lead to resolution of social issues
- Promotion of charitable activities in local communities
- Promotion of activities to support the development of the next generation

※ Contribution to realization of more precise medical approach through understanding of pathology and pathogeny based on cutting-edge science and technology and patient stratification and prediction of treatment outcomes utilizing biomarkers

 For more details, please see separate slides (where additional information is given on issues that are of critical importance and include new topics. For material issues without such explanations, please see previous ESG Meeting handouts)

Targets (qualitative targets) for Materiality that forms the foundation for business continuity

Respecting human rights

- Promotion of respecting human rights throughout all the value chain based on global trends
- Promotion of initiatives in accordance with the United Nations Guiding Principles on Business and Human Rights
- Formulation of the human rights policy as a global group policy

Corporate governance

- Pursuit of highly effective corporate governance
- Establishment and appropriate implementation of an internal control system
- Pursuit of diversity of the Board of Directors ● Improvement of effectiveness of the Board of Directors
- Ensuring the independence of management and protecting the interests of minority shareholders

Compliance

- Thorough compliance with all relevant laws and regulations and prevention of corruption
- Practice of the Declaration of Conduct and Compliance Standards
- Appropriate operation of compliance promotion system and establishment of rules
- Improvement in the effectiveness of the whistle-blowing system

Risk management

- Appropriate implementation of risk assessment
- Rebuilding of business continuity plans (BCP)
- System development, training and seminars for anticipated risks
- Proper information management (management of confidential information, internal information and personal information, information technology security)

Fair and transparent corporate activities

- Proactive disclosure of information
- Ensuring transparency on relationships with healthcare professionals and patients associations
- Sincere corporate activities contributing to the enhancement of stakeholder engagement
- Respect for intellectual property
- Promotion of appropriate provision of information based on scientific grounds

Corporate regulatory compliance, quality assurance and stable supply

- Ensuring appropriateness of quality assurance and pharmaceutical affairs as well as data integrity
- Practice of pharmacovigilance by centralized management of safety information and implementation of timely safety measures
- Prevention of occurrence of drug-induced suffering
- Promotion of proper use by provision of appropriate information
- Continuation of three Ss (safe operations, sound quality and stable supply)
- Strengthening of supply chain

CSR procurement


- Assessment of supplier business activities
- Implementation of fair and transparent transactions based on procurement ethics

Health, safety, and welfare of employees

- Practice of the declaration of “Health Innovation”
- Promotion of employee health management and mental health
- Prevention of excessive working hours
- Occupational health and safety activities, prevention of occupational accidents

Environmental initiatives

- Contribution to building a low-carbon society
- Contribution to building a recycling-oriented society
- Contribution to biodiversity conservation
- Chemical substance management
- Promotion of Environmental communications

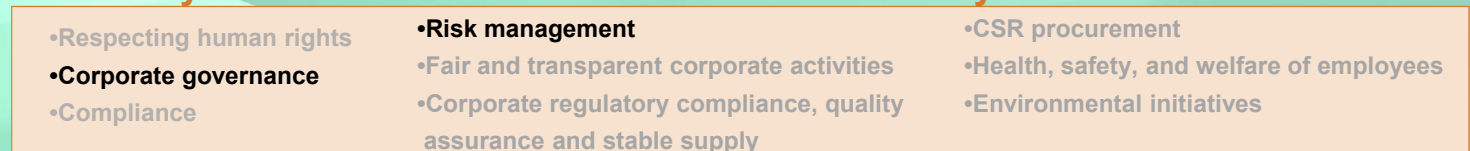
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Corporate Governance

Materiality linked to value creation



Materiality that forms the foundation for business continuity



- Strengthening effectiveness of the decision-making system with the Board of Directors as a central pillar
- Ensuring the independence of management from the parent company and protecting the interests of minority shareholders

Targets (qualitative targets)

- Pursuit of highly effective corporate governance
- Establishment and appropriate implementation of an internal control system
- Pursuit of diversity of the Board of Directors
- Improvement of effectiveness of the Board of Directors
- Ensuring the independence of management and protecting the interests of minority shareholders



Relationships with the parent company (Sumitomo Chemical)

- The parent company has always fully respected our intentions, and we recognize that a high degree of management independence has been afforded to us
- The parent company does not put restrictions on our business activities; We consulted with them about the strategic alliance with Roivant but the final decision was ultimately ours

Recent topics

- In April 2020, the Supervisory Committee for Conflict of Interests in Transactions between Group Companies, which comprises only independent outside directors, was established
- In September 2020, a joint venture company (S-RACMO Co., Ltd.) was established with the parent company for CDMO (Contract Development and Manufacturing Organization) Business in the field of Regenerative Medicine / Cell Therapy

Relationships with listed subsidiaries (Myovant Sciences, Urovant Sciences)

- Good governance is maintained via Sumitovant Biopharma while protecting the interests of minority shareholders

Recent topics

- In November 2020, it was decided that Sumitovant Biopharma would make Urovant Sciences its wholly-owned subsidiary (to be completed in 4Q/FY2020)
 - Urovant Sciences will have optimal support (funds, etc.) from the Group
 - Value of vibegron (to be launched by the end of FY2020) will be maximized

Analysis and evaluation of the effectiveness of the Board of Directors (BoD)

- Evaluation of the effectiveness of the Board of Directors began in FY2015
- Further enhancing the effectiveness of the Board of Directors by continuously addressing relevant issues

FY2019 evaluation results

- Very few points were found that could affect the effectiveness
- Appropriate progress was seen in terms of handling major matters in FY2019
- Won the highest-ever rating for “sufficient prior explanations for outside directors,” which was identified as a problem in the FY2017 evaluation

Responses to the major matters to be addressed in FY2019

Key agenda	Responses
Further stimulating deliberation by the BoD	- Allocated appropriate deliberation time to each matter, improved the quality of handouts, and provided said handouts early
Enhancement of follow-up activities after resolutions are made by the BoD	- Enhanced the situation report on important matters needing resolutions (investments, etc.) to the BoD
Enhancement of reports to the BoD regarding opinions, etc. from shareholders, investors, and other related persons	- Demanded the status of dialogue with shareholders, investors, and other related persons be reported to the BoD (reported twice to the BoD in FY2019)

Major matters to be addressed in FY2020

- Enhancement of discussions for increasing corporate value in the medium- to long-term
- Consideration regarding ideal members to constitute the Board of Directors for the future
- Further improvement of the quality of deliberations by the Board of Directors

Risk Management

- Managing risks flexibly so that we can respond to any and all risks

Targets (qualitative targets)

- Appropriate implementation of risk assessment
- Rebuilding of business continuity plans (BCP)
- System development, training and seminars for anticipated risks
- Proper information management (management of confidential information, internal information and personal information, information technology security)

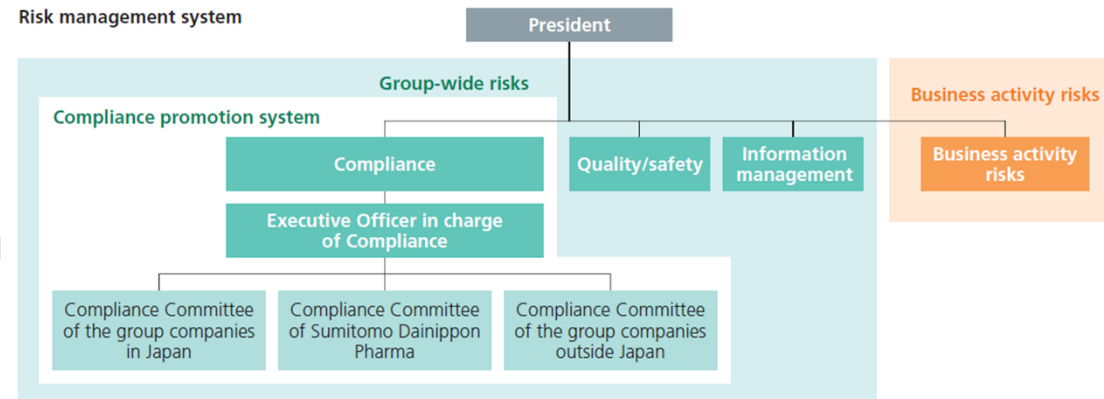


Rebuilding of business continuity plans (BCP)

- Updating BCP by taking into account the magnitude of and responses to the impact of an infectious disease pandemic like COVID-19 on our business

System development, training and seminars for anticipated risks

- Organized a Crisis Management Team (CMT) in December 2019
 - Promptly gathers information needed to ensure accurate decision-making to increase our initial response capabilities for disasters
 - Following the COVID-19 pandemic, established a remote CMT and conducted response training (July 2020)
- Created a Computer Security Incident Response Team (CSIRT) (April 2019)
 - Prevents and detects unauthorized access and responds rapidly when an incident occurs
 - Conducted response training based on a cyberattack scenario (January 2020)



Research & Development

Toru Kimura

Member of the Board of Directors,
Senior Executive Officer
Chief Scientific Officer



Materiality linked to value creation

- Improvement of healthcare infrastructure in developing countries
- Measures to address falsified medicines

- Contribution to global health
- Initiatives to improve access to medicines

- Development of innovative products and healthcare solutions
- Contributing to the development of science

- Local Community contribution

- Patient support and advocacy

- Work Style Innovation
- Diversity & inclusion
- Training and development of employees

Materiality that forms the foundation for business continuity

- Respecting human rights
- Corporate governance
- Compliance

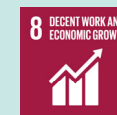
- Risk management
- Fair and transparent corporate activities
- Corporate regulatory compliance, quality assurance and stable supply

- CSR procurement
- Health, safety, and welfare of employees
- Environmental initiatives

R&D forms an essential part of our business

Targets (qualitative targets)

- Continuous development of pharmaceuticals in areas with high unmet medical needs
 - Concentration on the three focus research areas, best in class focused on values and other areas
 - Contribution to precision medicine
 - Promotion of Innovative R&D utilizing big data and digital technology
 - Promotion of network-based drug discovery
- Development of healthcare solutions to respond to the future healthcare needs centered on areas where synergies with the pharmaceutical business can be expected



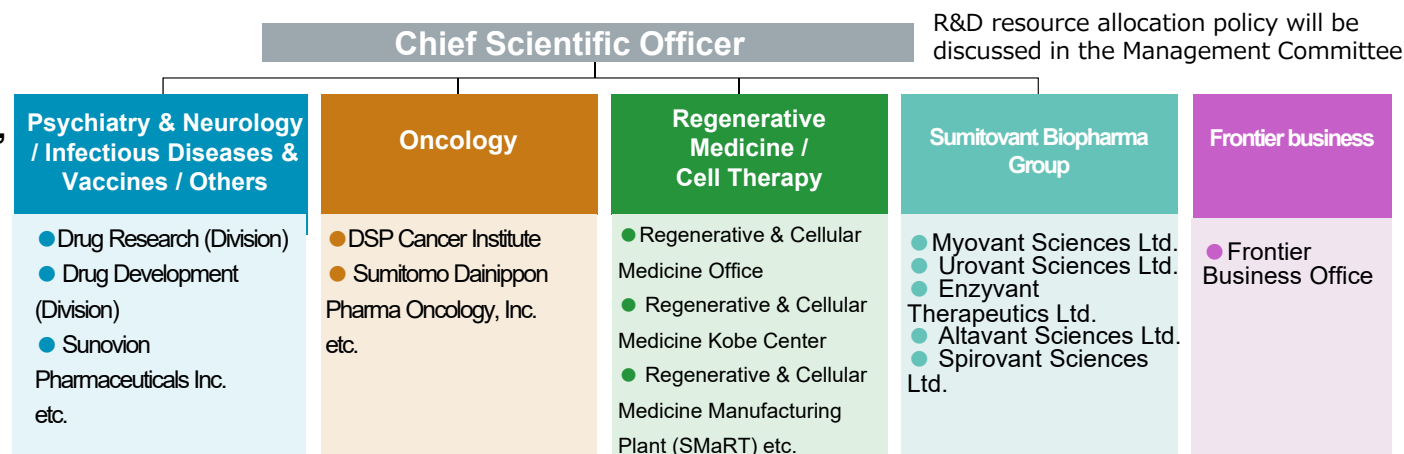
Research & development system

Appointed a Chief Scientific Officer on April 1, 2020

- Overseas R&D across all areas
- Provides integrated management of R&D resource allocation



Achieving optimum R&D portfolio management



Materiality linked to value creation

Development of Innovative Products and Healthcare Solutions Contributing to the Development of Science (2)



Making contributions in areas with high unmet medical needs

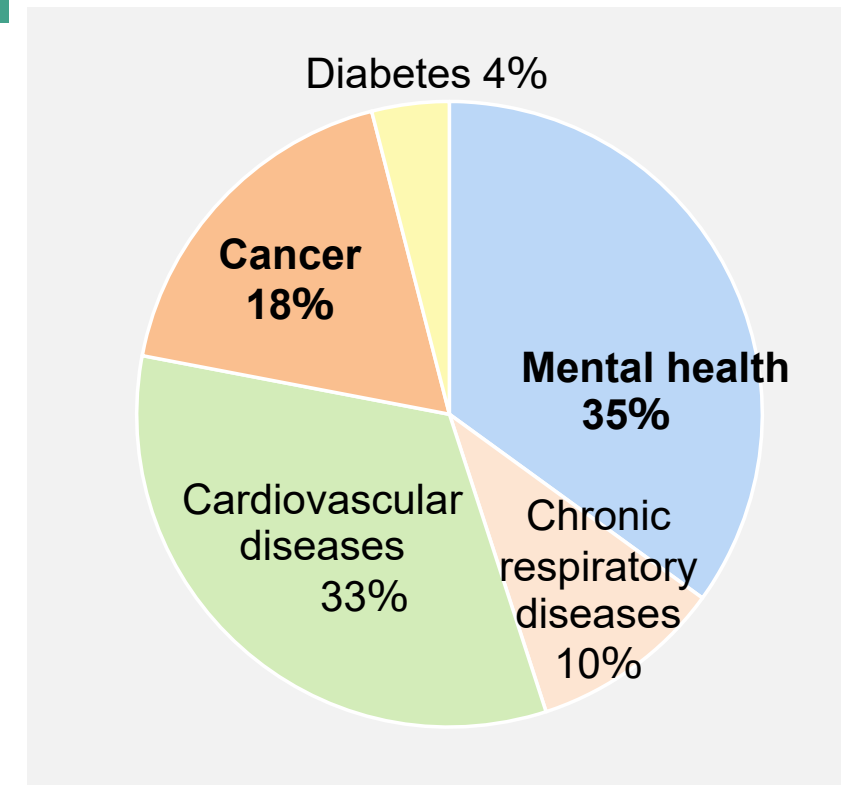
Psychiatric and neurological diseases and cancer cause significant social loss

- Global economic loss was estimated as below
 - ✓ **Mental health: \$2.5 trillion** in 2010 and to be **\$6.0 trillion** in 2030
 - ✓ **Cancer: \$290 billion** in 2010 and to be **\$458 billion** in 2030
- (Source: The Global Economic Burden of Non-communicable Diseases, September 2011)

Applying new modalities in combatting diseases which cannot be resolved with existing pharmaceutical products

- From low molecular compounds, antibody drugs, and nucleic acid drugs to **regenerative & cellular medicine therapy**
- From single cells to tissues and organs

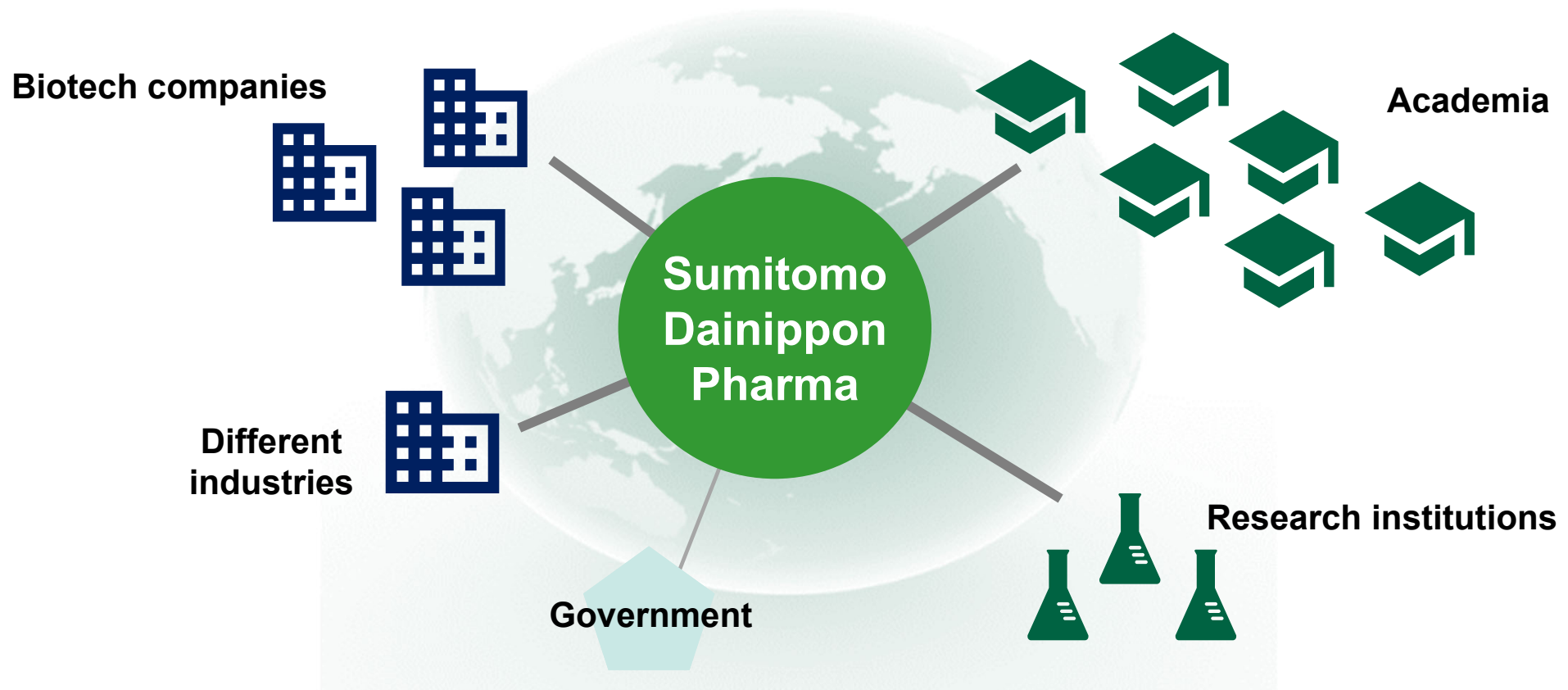
Percentage of economic losses of approximately
\$ 47 trillion from non-infectious diseases
worldwide from 2011 to 2030



Source: The Global Economic Burden of Non-communicable Diseases 2011.9

Promotion of network-based drug discovery

- Tapping into our unique strengths in each area to promote open innovation at our sites in Japan and the U.S.
⇒ Accelerating the pace of value creation to bring innovative products to patients faster



Materiality linked to value creation

Development of Innovative Products and Healthcare Solutions Contributing to the Development of Science (4)

Integrated Report
P. 25-28



The three focus research areas involve high unmet medical needs and thus significantly impact healthy life-spans

Targets and strengths in each area

Psychiatry & Neurology area	<p>Aiming to be an innovator that makes a high quality contribution in specific diseases and categories</p> <ul style="list-style-type: none"> ✓ Track record and know-how gained from many years' of R&D ✓ Drug discovery utilizing cutting-edge technologies (in-silico, biomarkers, iPS cells, etc.)
Oncology area	<p>Aiming to establish a our group's oncology brand worldwide</p> <ul style="list-style-type: none"> ✓ Original drug discovery research, including the tumor micro-environment (inter-cellular actions and intra-cellular signals) and others ✓ Strong networks with academia and biotech companies outside of Japan
Regenerative Medicine / Cell Therapy field	<p>Pursue advanced manufacturing expertise and cutting-edge science to become a global leader</p> <ul style="list-style-type: none"> ✓ A front runner aiming for the commercialization of iPS cell-derived cell therapy products ✓ Strong networks with academia and biotech companies, in-house production equipment and manufacturing know-how, etc.
Infectious diseases & vaccines	<p>Aiming at contributing to global health</p> <ul style="list-style-type: none"> ✓ Many years of R&D experience in various areas , including antibiotics, vaccine adjuvants, etc.
Best in class pharmaceutical products focused on value	<ul style="list-style-type: none"> ✓ Expanding the pipeline through our partnership with Roivant Sciences
Frontier business	<p>Aiming to establish the Frontier business following the pharmaceutical business</p> <ul style="list-style-type: none"> ✓ Collaborating with brilliant scientists, owners of core technologies, and networks

Risks

- Psychiatry & neurology and oncology are areas with a higher degree of uncertainty in R&D based on past performance
- Regenerative medicine / cell therapy is a new field and so the rules on regulatory approval and drug price listing have not been definitively determined
- If clinical development fails, there are significant losses due to soaring R&D expenses
- There are global policy trends aimed at reducing medical and pharmaceutical expenses

A research project system for accelerating the creation of innovative pharmaceutical products (Psychiatry & Neurology, Infectious Diseases, etc.)

- Let them control the budget of projects and play a central role in conducting research projects they are engaged in
 - ✓ Have them meet various challenges in facilitating projects (venture-type role in in-house drug discovery)
 - ✓ Project leader continues to be in charge and promote seamlessly, even if the stage progresses from research to development
 - ✓ Create ideal image of researcher for young researchers to aim at

Comment from Project Leader



Tatsuya Ishikawa

Clinical Research, Drug Development
Division and Research Planning &
Coordination, Drug Research Division

In January 2020, a Phase 1 clinical study for DSP-1181 was initiated in Japan. DSP-1181 was created using Artificial Intelligence (AI) and development is planned for the indication of obsessive compulsive disorder. DSP-1181 has attracted attention because the exploratory research, which requires an industry average of four and a half years, was achieved in less than twelve months.

I have been driving DSP-1181 forward as Project Leader since October 2017. Due to the introduction of the Research Project System, we lead evaluation of the efficacy of compounds and decide which compounds to advance as a Project, which accelerated decision making. **It's a very agile system, and I feel that it will also increase motivation toward drug discovery.**

DSP-1181 is a compound that was created from the chance encounters of diverse people, ideas, and passions. **I want to use my experience as Project Leader in drug discovery and clinical development going forward to deliver innovative new drugs to patients as quickly as possible.**

Human Resources, Social Contributions, Environment

Atsuko Higuchi Executive Officer

Corporate Governance; Corporate Communications; Human Resources



Materiality linked to value creation

- Improvement of healthcare infrastructure in developing countries
- Measures to address falsified medicines

- Contribution to global health
- Initiatives to improve access to medicines

- Development of innovative products and healthcare solutions
- Contributing to the development of science

- Local Community contribution

- Patient support and advocacy

- Work Style Innovation
- Diversity & inclusion
- Training and development of employees

Materiality that forms the foundation for business continuity

- Respecting human rights
- Corporate governance
- Compliance

- Risk management
- Fair and transparent corporate activities
- Corporate regulatory compliance, quality assurance and stable supply

- CSR procurement
- Health, safety, and welfare of employees
- Environmental initiatives

“Respect for human rights” has been established as a separate materiality in light of rising global concern in human rights and their importance for the Sumitomo Dainippon Pharma Group

Targets (qualitative targets)

- Promotion of respecting human rights throughout all the value chain based on global trends
- Promotion of initiatives in accordance with the United Nations Guiding Principles on Business and Human Rights
- Formulation of the human rights policy as a global group policy



- Item 5 of our Declaration of Conduct reads, “Respect human rights—We respect the rights of all people associated with our company in conducting corporate activities. We do not discriminate or harass anyone. In addition, we reject child labor and forced labor.” True to this pledge, we support the spirit of international fundamental principles of human rights (Universal Declaration of Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, etc.). We also observe the relevant laws on labor and employment in each country and region that we operate in, in accordance with the UN Guiding Principles on Business and Human Rights.
- We are currently formulating the human rights policy as a global group policy, with a view toward further promoting the initiatives undertaken to establish appropriate working environments and respect the human rights of our business partners, including suppliers in supply chains, and all of our stakeholders

- Employees are assets of the company. As such, enhancement of their competence is essential for the sustained growth of the company
 - We will provide self-driven employees with opportunities to keep challenging themselves, thus realizing a virtuous cycle where they enjoy their evolution as they create new value

Targets (qualitative targets)

- Fostering of leaders (DSP Academy)
- Promotion of company-wide education programs to enhance capabilities of individuals
- Promotion of English proficiency enhancement toward globalization
- Strategic allocation of human resources through talent management and acceleration of human resources development



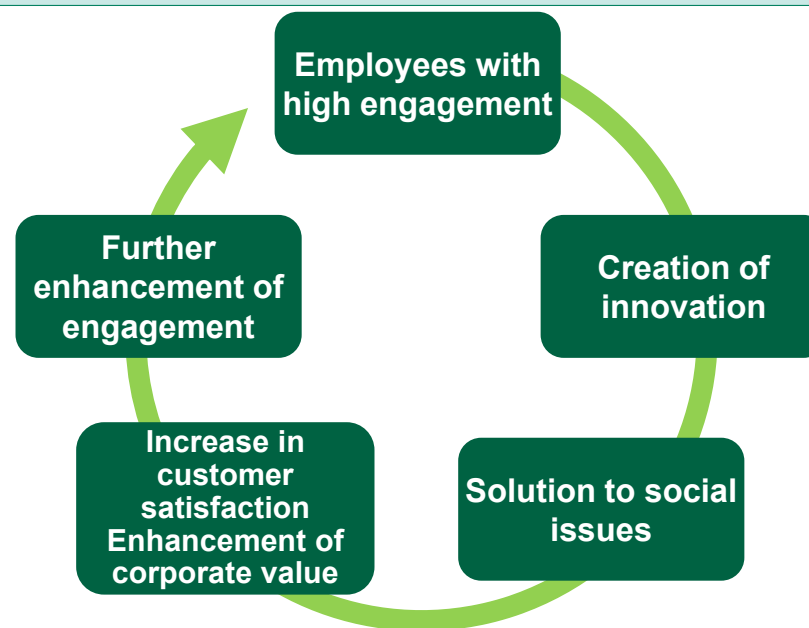
Fostering of leaders, etc.

- Selective training program “DSP Academy”
- Talent management for strategically placing employees and promoting human resource development
- Development of human resources through application of a research project system (introduced in October 2017)

Promotion of company-wide education programs

Promotion of English proficiency enhancement

- Introduced an additional self-improvement program in April 2020
 - “Globis Learn as Much as You Like” (correspondence course on business skills)
 - “goFLUENT” (English proficiency enhancement program)



Training and Development of Employees (Overseas Assignments)

Training and development of global human resources

- Promoting programs for developing candidates for management positions outside of Japan
 - ✓ Establishing a position for overseeing global human resources
 - ✓ Sending people to subsidiaries, universities, and research institutions outside of Japan



- Employees assigned overseas : Cumulative number of employees who have assigned overseas as of April 1 of each fiscal year
- Employees transferred overseas : Number of employees who was transferred overseas in each fiscal year
- Excluding Board of directors and Executive officers, but including those who was assigned an officer during overseas

Instilling company-wide awareness of CHANTO: Delivery of highest performance ~Project CHANTO~

- Giving concrete shape to “CHANTO: delivery of highest performance,” which each and every employee needs, and setting this policy as the Conduct Guidelines
⇒ In 2020, Executive Officers established the Conduct Guidelines after careful deliberations
- By instilling the Guidelines, we will develop self-disciplined professionals who think and act for themselves and challenge themselves to achieve targets and optimize performance, thus generating results
⇒ Measures to instill the Guidelines into all employees are underway. Our goal is to internalize this awareness to make it a part of our corporate culture/climate

CHANTO

Capability to continuously foster and deliver innovation to patients and other customers, while transforming our organization in flexible ways to adapt to changes in the world

Instilling CHANTO

- ✓ Initiatives began in April 2019
- ✓ Determined that we need to anticipate accelerated environmental changes if we are to realize our corporate mission/vision of solving social issues and establish our position as a “Global Specialized Player”



Materiality linked to value creation

Work Style Innovation

- Aiming to transition to flexible workstyles with high added value and productivity with every employee adapting to environmental changes
- Leading a fulfilled life both publicly and privately and attending to duties with a high motivation and sense of happiness

Targets (qualitative targets)

- Improvement of productivity (work efficiency improvement, enhancement of individual capabilities)
- Improvement of employee satisfaction (employee satisfaction enhancement)

- Virtuous cycle in Work-life balance
- Curbing of long working hours (overtime work, late-night work, holiday work)

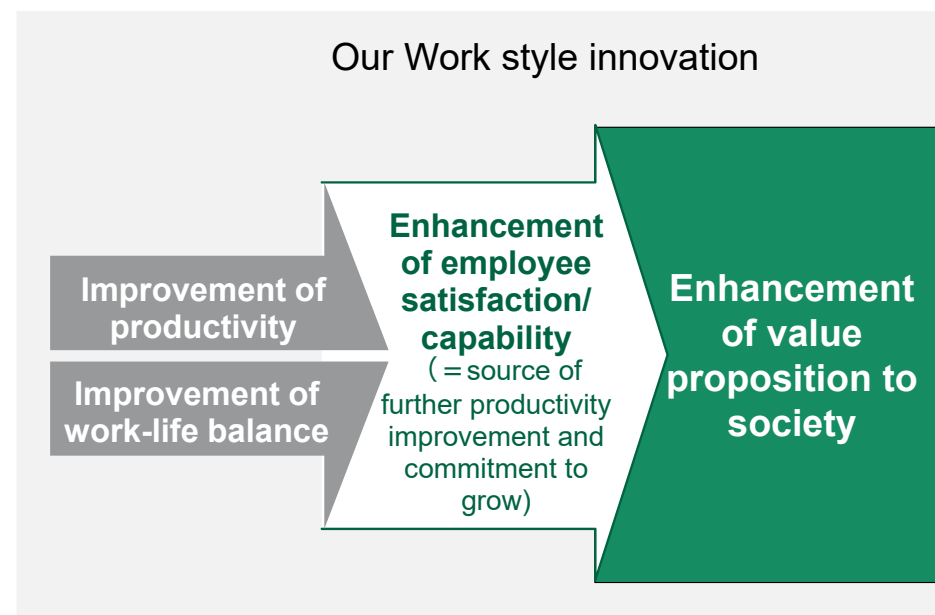


Improvement of productivity (work efficiency improvement, enhancement of individual capabilities)

- Realizing true “work style innovation” by utilizing digital technology and optimizing resource allocation
- Providing opportunities to learn about methods and approaches for enhancing individual competencies and productivity, organizing “company-wide work style reform lecture meetings” and hands-on, participation-based “time management training”
- In October 2020, voluntary online training on communication with others while teleworking, etc. was organized

Virtuous cycle between work and life

- In April 2020, we recommended the use of teleworking and staggered onsite work systems and we have implemented improvements to the network environment to support teleworking



Materiality linked to value creation

Diversity & Inclusion

- Developing a workplace environment where everyone may give full play to their competency under fair conditions, regardless of gender or disabilities. While assuring employees' psychological safety, incorporating diverse ideas to create value, thus increasing productivity

Targets (qualitative targets)

- Creation of an environment where each employee is respected for their difference and can perform at their full potential
- Promotion of active participation by female employees
- Promotion of active participation by people with disabilities through appropriate placement



Creation of an environment where each employee is respected for their difference and can perform at their full potential

- In April 2020, a same-sex partnership system was introduced, making it possible to treat same-sex partners in the same way as spouses for the sake of housing, congratulations/condolences, and other systems
- In October 2020, e-learning on LGBTQ commenced, announcing guidelines as to what to do when employees come out

Promotion of active participation by female employees

- Developing a workplace environment where women are empowered and recruiting/utilizing diverse and talented human resources regardless of gender is essential for our sustained growth
- In January 2021, we plan to revise the General Business Owner Action Plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace

Promotion of active participation by people with disabilities through appropriate placement

- While fulfilling our social responsibility, we promote normalization (an approach to realizing a society where persons with disabilities live equally with those without disabilities)
- Established Cocowork Co., Ltd. to support employment of persons with mental disabilities and find solutions to a social issue of the high turnover of persons with disabilities



Materiality linked to value creation

Diversity & Inclusion (Assembling a Team of Diverse HRs)




As of Dec. 1, 2020

★ : Executive Officers of Sumitomo Dainippon Pharma


Appointing persons with diverse backgrounds for sustained growth of the Group

- Over 40% of the Executive Leadership Team at our four North American subsidiaries are women
- Formation of a diverse management team is currently underway in Japan


Sumitomo Dainippon Pharma America, Inc.




★
Shinichiro Katayanagi
Chair of the Board, CEO



Linda Arsenault
Senior VP, CHRO



Greg Bokar
Executive VP,
General Counsel and
Corporate Secretary



Stephen Freeman
Executive VP,
CFO and Treasurer

Sunovion Pharmaceuticals Inc.



★
Antony Loebel
President and CEO



Thomas Gibbs
Senior VP, CCO



Susan Kalk
Senior VP,
Chief Quality & Technical
Operations Officer




★
Yumi Sato
Executive VP,
Chief Corporate
Strategy Officer




Armin Szegedi,
Senior VP, CMO


Sumitomo Dainippon Pharma Oncology, Inc.




★
Patricia S. Andrews
CEO,




Edgar Braendle,
CMO,



Dee Mahoney
Senior VP, CCO




Masashi Murata
CSO




Mark Westgate
Senior VP, CFO


Sumitovant Biopharma, Inc.




Myrtle Potter
CEO




Sam Azoulay
CMO, Head of R&D




Adele Gulfo
Chief Business and
Commercial
Development Officer




Dan Rothman
CIO




Bill McMahon
Chief Algorithmic
Analytics Officer



Mi Yong Cho
Head of HR



Tara Soni
Head of Legal
and Compliance



Yuichiro Haruyama
Executive VP,
Finance &
Corporate Strategy

Materiality linked to value creation

Contribution to Global Health

Integrated Report
P. 19, 48, and 61



- Good health is the very basis of all human activities. Realizing prevention, diagnosis, treatment, etc. in all countries/regions is a critical role of pharmaceutical companies
- We are placing focus on the Infectious Diseases area (including antimicrobial resistance <AMR>), where we can utilize our strengths, and the public awareness-raising, one of the fundamental elements of global health

Targets (qualitative targets)

- Development of drugs to treat malaria and antimicrobial-resistant (AMR) bacterial infections
- Strengthening of public-private collaboration on countermeasures against AMR and appropriate use of antibiotics

- Promotion of public awareness-raising activities for health, hygiene, and nutrition



Focuses on contributions to global health

- Strengths in the Infectious Diseases area, synergies with own businesses
- Sustainability/feasibility of support activities
 - ✓ Good working relationship with local governments and NGOs
 - ✓ High motivation among local communities to solve issues
 - ✓ Distance that allows for direct intervention, public security

Development of drugs to treat malaria and antimicrobial-resistant (AMR) bacterial infections

- R&D of malaria vaccines with Ehime University and PATH
- R&D of drugs for infections caused by bacteria with AMR with the Kitasato Institute

Strengthening of public-private collaboration on countermeasures against AMR and appropriate use of antibiotics

- In September 2020, completed a drug susceptibility study in Vietnam
- In October 2020, participated in WELCO Lab, which was established with support from the Bill & Melinda Gates Foundation

Promotion of public awareness-raising activities for health, hygiene, and nutrition

- As part of Access Accelerated initiative, implemented a health improvement program for mothers and children in Cambodia. In August 2020, donated bicycles to Community Care volunteers for Mothers and Newborns (CCMN)

Our efforts against COVID-19~Research support activities~

- Donation to Kitasato Institute's Project for COVID-19
- Providing drug substances to Basic Screening Plan for Drugs for Coronavirus Disease 2019
- Participating as a collaborator in COVID-19 Research Database*

* A consortium investigating measures against COVID-19 which aims to provide researchers with free access to medical information databases in the U.S. to support research into COVID-19

Materiality Forming the Basis of Business Continuity Initiatives for Environment

Integrated Report
P. 64-65



- With awareness that the global environment is now facing a serious crisis, we will make concerted efforts to preserve the environment and help create a recycling-oriented society through all our corporate activities as a company with a mission to protect human lives and promote health, thereby contributing to a prosperous and pleasant world
- Setting targets by taking into account the impact that our business activities have on the environment

Targets (qualitative targets)

- Contributing to building a low-carbon society
- Contribution to biodiversity conservation
- Promotion of Environmental communications
- Contribution to building a recycling-oriented society
- Chemical substance management



New targets up to FY2030 (formulated in FY2019)

- Reduce greenhouse gas (GHG) emissions (Scope 1 + 2) by 35% from FY2017 level
- Reduce water withdrawal by 12% from FY2018 level
- Maintain recycling rate for waste at 80% or higher and aim for at least 85%
- Maintain final disposal rate for waste at less than 1% and aim for less than 0.5%

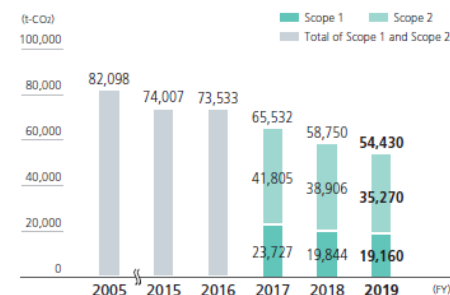
Climate change and water risk

- In light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and concerns about global water risk, we will analyze the identified risks and opportunities related to climate change and water
- We conducted risk surveys, including water supply and demand (current and future) and vulnerabilities in downstream environments, at our main sites in FY2019, which we will analyze going forward

Contributing to building a low-carbon society

- Aiming to obtain Science Based Targets (SBT) certification for our FY2030 GHG emission reduction target during FY2020
- The current Mid-term target of “reducing CO₂ emissions by 23% by FY2020, compared to FY2005” had been reduced (achieved) emissions by 34% as of FY2019

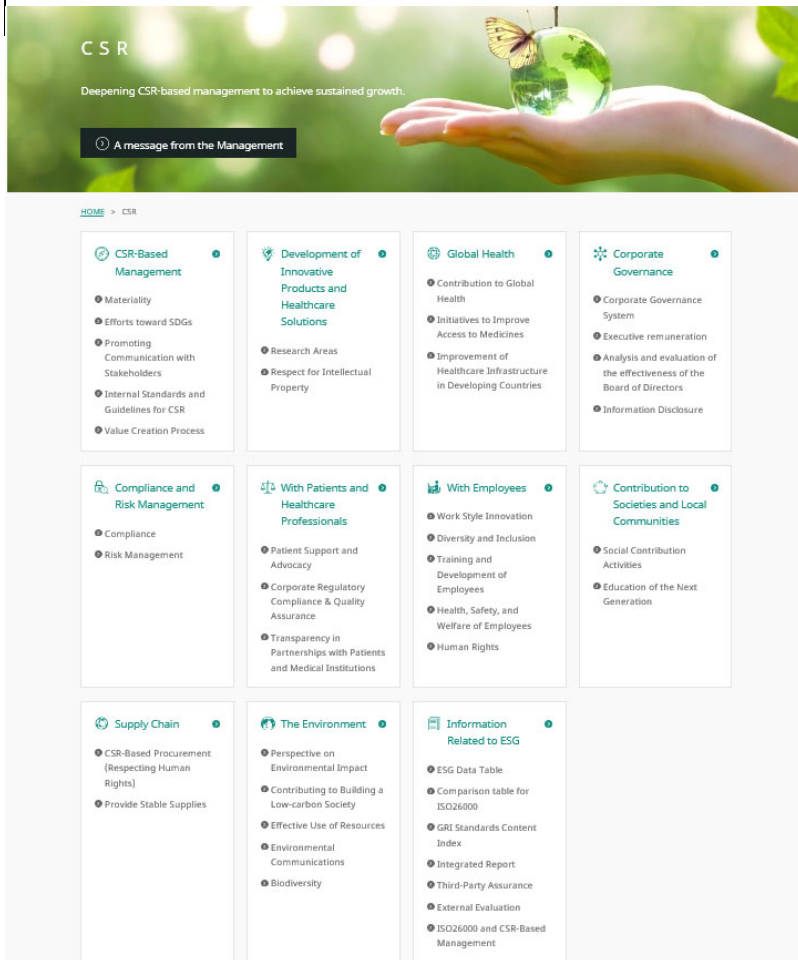
CO₂ emission trends



Appendix

Website : CSR Pages
Our Initiatives Related to SDGs

Corporate site CSR pages (<https://www.ds-pharma.com/csr/>)



● Contents

- Message (President and CEO, management)
- CSR-Based Management (materiality, efforts toward SDGs, etc.)
- Development of Innovative Products and Healthcare Solutions
- Global Health
- Corporate Governance
- Compliance and Risk Management
- With Patients and Healthcare Professionals
- With Employees (Human Rights)
- Contribution to Societies and Local Communities
- Supply Chain
- The Environment
- Information Related to ESG (ESG Data Table, External Evaluation, etc.)

Our Initiatives Related to SDGs (1) (Posted on Our Website)



- TABLE FOR TWO (four facilities in Japan)
- Donation to support children, young people, and their guardians in areas affected by the Great East Japan Earthquake (Ishinomaki, Miyagi Pref., Japan)



- TABLE FOR TWO (four facilities in Japan)
- Initiatives for safe delivery and sound child growth (Cambodia)
- Donation to support children, young people, and their guardians in areas affected by the Great East Japan Earthquake (Ishinomaki, Miyagi Pref., Japan)



- Pharmaceutical business (psychiatry & neurology, oncology, regenerative medicine/cell therapy, infectious diseases, etc.) and exploring the Frontier business
- Initiatives aimed at appropriate use of antibiotics and countermeasures to antimicrobial resistance (AMR)
- Participation in GHIT Fund to develop medicines for malaria and other infectious diseases
- Participation in Access Accelerated to improve access to medicines for non-communicable diseases (NCDs) in developing countries
- Work Style Innovation (Japan)
- Operation of Product Information Center (Japan)
- Publication of Health Tips booklet, operation of health and medical information website (Japan)
- Initiatives for safe delivery and sound child growth (Cambodia)
- Matching donation to the Support Network for NANBYO Children of Japan (Japan)
- Matching donations to NPO Nobel and NPO Florence to support daycare for sick children of single-parent families and families raising children with disabilities (Japan)
- Health and productivity management (welfare of employees and promoting mental health, Japan)

Our Initiatives Related to SDGs (2) (Posted on Our Website)



- TABLE FOR TWO (four facilities in Japan)
- Initiatives for safe delivery and sound child growth (Cambodia)
- Providing collaborative classes about bioethics (Japan)
- Operation of website for children (Japan)
- Support for research activities through the Japan Epilepsy Research Foundation (Japan)



- Initiatives for safe delivery and sound child growth (Cambodia)
- Supporting women's active participation (Japan)
- Encouraging men to participate in child care (Japan)
- Participation in IkuBoss Alliance (Japan)
- Initiatives to promote understanding of LGBTQ (Japan)

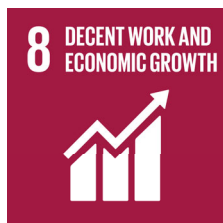


- Donation to sanitation infrastructure (Burkina Faso)
- Water use reduction by effectively using water resources
- Wastewater management at research centers, plants and facilities
- Initiatives for biodiversity (Kishiwada, Osaka Pref.; Iwanuma, Miyagi Pref.; Japan)



- Effective use of energy
- Effective use of resources
- Utilization of solar power generating systems (two research centers in Japan)
- Utilization of fuel-efficient vehicles and promotion of "Eco-Driving" (Japan)

Our Initiatives Related to SDGs (3) (Posted on Our Website)



- Work Style Innovation (Japan)
- Achieving work-life balance (Japan)
- CSR procurement
- Supporting active participation by people with disabilities through appropriate placement (Japan)
- Health and productivity management (welfare of employees and promoting mental health, Japan)



- Sustainable manufacturing, logistics and procurement
- Utilizing external resources
- Collaboration with external institutions through PRISM open innovation program (Japan)
- Participation in GHIT Fund to develop medicine for malaria and other infectious diseases



- Supporting active participation by people with disabilities through appropriate placement (Japan)
- Addressing inequality in access to healthcare
- Initiatives to improve access to medicines
- Support for development of healthcare infrastructure and capacity building in developing countries
- Participation in Access Accelerated to improve access to medicines for NCDs in developing countries
- Initiatives for safe delivery and sound child growth (Cambodia)
- TABLE FOR TWO (four facilities in Japan)



- Initiatives for recycling-based society
- Risk mitigation of environmental accidents
- Reduction of environmental impact through products' lifecycles
- Product development considering the impact of climate change and water risks

Our Initiatives Related to SDGs (4) (Posted on Our Website)



- Stable product supply and quality assurance
- Addressing product safety and adverse reactions
- Providing and collecting product information (healthcare professionals)
- Initiatives to improve medicine-related literacy
- Initiatives aimed at appropriate use of antibiotics and countermeasures to antimicrobial resistance (AMR)
- Initiatives for recycling-based society
- Risk mitigation of natural disasters
- Initiatives aimed at eco-friendly alternatives to plastic bottled beverages



- Reduction of environmental impact through products' lifecycles
- Initiatives to reduce CO2 emissions
- Environmental preservation management (green product development, green facilities design)
- Product development considering the impact of climate change and water risks
- Collaboration with Sumitomo Chemical group companies and Sumitomo Dainippon Pharma's subsidiaries (SBT), and collaboration with supply chains (Scope3)
- Utilization of solar power generating systems (two research centers in Japan)
- Utilization of fuel-efficient vehicles and promotion of "Eco-Driving" (Japan)
- Promotion of "COOL CHOICE" initiatives (Japan)
- Donation to Keidanren Nature Conservation Fund (Japan)



- Initiative for biodiversity (Kishiwada, Osaka Pref., Japan)
- Risk mitigation of environmental accidents
- Reduction of environmental impact through products' lifecycles
- Product development considering the impact of climate change and water risks
- Wastewater management at research centers, plants and facilities
- Initiatives aimed at eco-friendly alternatives to plastic bottled beverages

Our Initiatives Related to SDGs (5) (Posted on Our Website)



- Initiatives for biodiversity (Kishiwada, Osaka Pref., Japan)
- Donation to preservation of endangered medical herbs (Iwanuma, Miyagi Pref., Japan)
- Tree-planting activities (China)
- Donation to Keidanren Nature Conservation Fund (Japan)



- Fair and transparent business management
- Promoting corporate governance
- Ensuring compliance
- CSR procurement



Partnership activities for sustainable development

- Industry-academia-government collaborative R&D (academic institutions, biotech companies, AMED, GHIT Fund, etc.)
- Access Accelerated
- IFPMA
- JPMA (Japan Pharmaceutical Manufacturers Association)
- People's Hope Japan
- CDP
- TABLE FOR TWO
- Future Code
- Malaria No More Japan
- Other



Sumitomo Dainippon
Pharma

Innovation today, healthier tomorrows