

# ESG Meeting (Discussion with Investors)

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November 20, 2018

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. Introduction

Masayo Tada Representative Director, Chairman

## 2. Business Model and Materiality

Hiroshi Nomura Representative Director, President and CEO

## 3. Corporate Governance

Hiroshi Nomura Representative Director, President and CEO

## 4. Employee Training, Work Style Innovation, Diversity & Inclusion

Ichiro Takahashi Senior Director, Human Resources

## 5. CSR Activities and Environment

Kazuhiro Takada Executive Officer, Senior Director, Corporate Governance

## 6. Q&As and Comments

# Introduction

**Masayo Tada**  
**Representative Director, Chairman**

# **Business Model and Materiality**

**Hiroshi Nomura**  
**Representative Director, President and CEO**

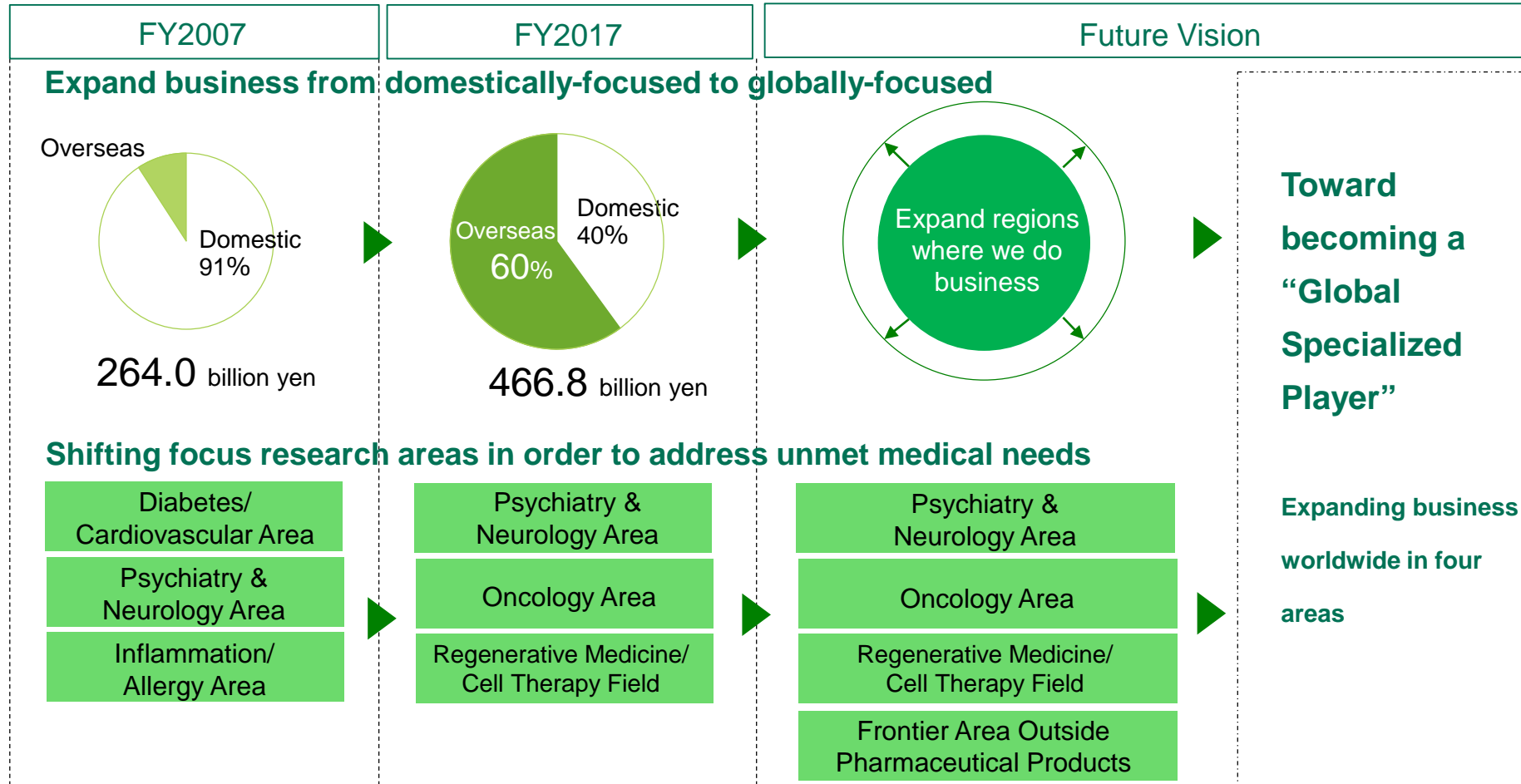


**To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide**



# Changes Since the 2005 Merger

Changes Since the 2005 Merger — Soundly Improving Capacity for Business Value Creation —



# Value Creation Process

## Sources of value creation

Rich pipeline, drug discovery capability, leading-edge technology and know-how, broad network related to science, and distinctive **R&D capacity** in the three focus areas

- ◆ Psychiatry & Neurology Area
- ◆ Oncology Area
- ◆ Regenerative Medicine / Cell Therapy Field

Excellent **human resources** and a framework that utilizes the capabilities of individual employees

- Professional Human Resources System
- Human resources highly skilled in R&D
- Sincere, talented employees
- strengthening human resources

A **platform** supporting global business expansion

- The capacity to roll out new businesses in the global market
- Business operations leveraging the strengths of acquired overseas subsidiaries

## Contributing to sustainable development

Creating innovative pharmaceutical products and contributing to healthcare worldwide

- Delivering pharmaceutical products in areas where unmet medical needs are high
- Stably supplying high-quality pharmaceuticals
- Contributing to the development of medical science through research and development
- Contributing to global health

Contributing to achieving the Sustainable Development Goals (SDGs)



Improving sustainable

**corporate value**

- Maximizing shareholder value
- Implementing strategic investments



# R&D Capacity - Psychiatry & Neurology Area

## Background

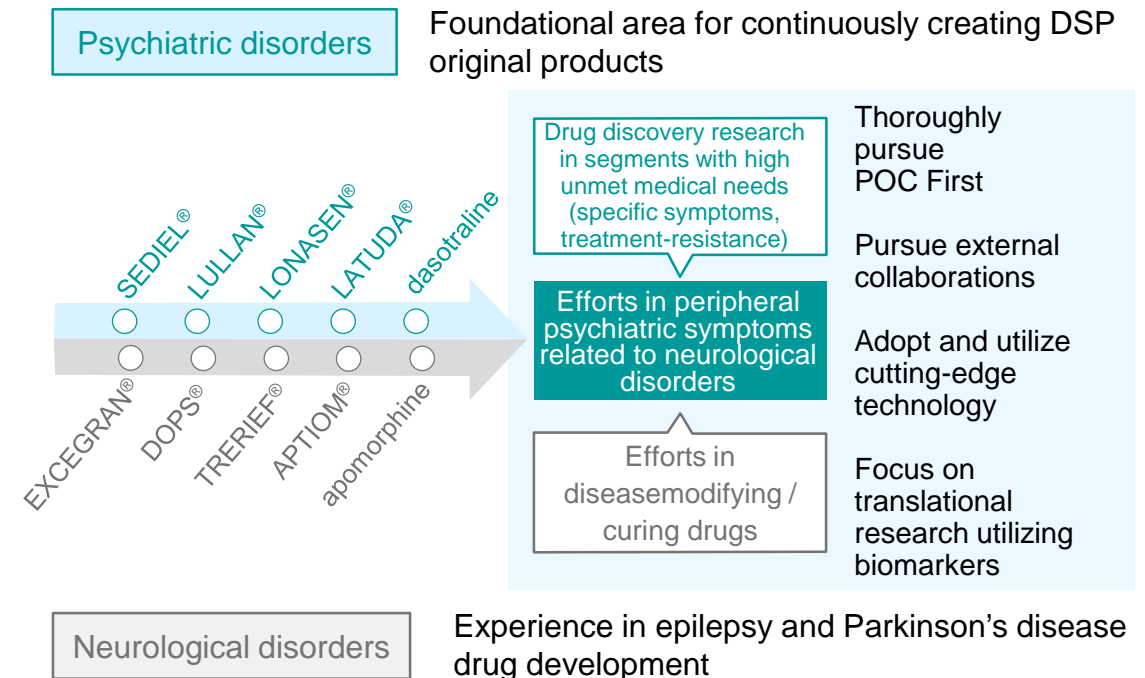
**Background & Reasons for making psychiatry & neurology a focus area**

**Disease area with high unmet medical needs and strong effect on healthy longevity**

**Much experience and knowhow from many years of R&D on a lot of products**

## Feature

- **R&D know-how cultivated in-house (including Sunovion) as part of our long-standing track record of producing pharmaceutical products**
- **Drug discovery initiatives leveraging leading-edge technologies (in-silico, biomarkers, iPS cells, etc.)**



# R&D Capacity - Psychiatry & Neurology Area

Development Pipeline (as of October 30, 2018)

Area	Phase 1	Phase 2	Phase 3	NDA submitted
Japan	dasotraline (ADHD)		lurasidone (Schizophrenia / Bipolar I depression / Bipolar maintenance)	LONASEN® (Schizophrenia / Transdermal patch)
	SEP-363856 (Schizophrenia)		EPI-743 (Leigh syndrome)	
	DSP-2230 (Neuropathic pain)			
	EPI-589 (ALS)			
	SEP-4199 (Bipolar I depression)			
U.S.	DSP-2230 (Neuropathic pain)	EPI-589 (Parkinson's disease / ALS)	dasotraline (BED)	dasotraline (ADHD) * Received Complete Response Letter
	DSP-6745 (Parkinson's disease psychosis)	SEP-363856 (Schizophrenia / Parkinson's disease psychosis)		apomorphine (OFF episodes associated with Parkinson's disease)
	SEP-378608 (Bipolar disorder)	SEP-4199 (Bipolar I depression)		
	DSP-3905 (Neuropathic pain)			

# R&D Capacity - Oncology Area

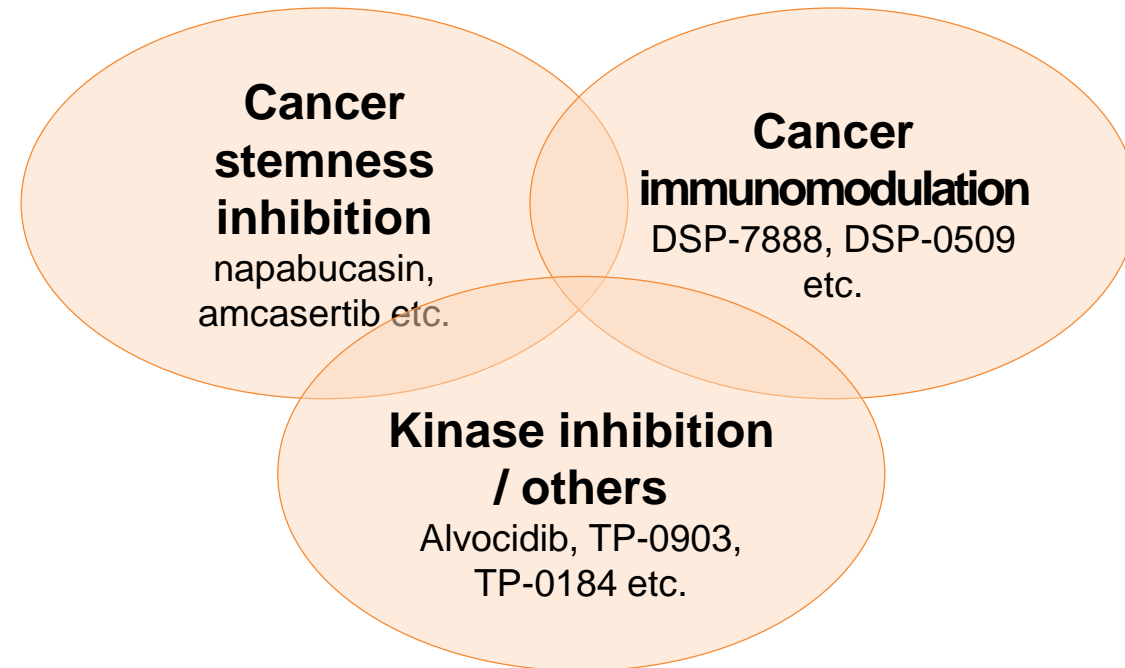
## Background

### Background & Reasons for making oncology a focus area

Taking on a challenge to high unmet medical needs in oncology is the mission of an R&D-based pharmaceutical company; with rapid advances in science, possibility of success even for a company of our size

## Feature

- R&D focused on our proprietary technologies (cancer stemness inhibition, cancer immunomodulation, kinase inhibition)
- Robust network that includes overseas academic institutions and biotech companies



# R&D Capacity – Oncology Area

Development Pipeline (as of October 30, 2018)

Area	Phase 1	Phase 2	Phase 3	NDA submitted
Japan	alvocidib (AML)	amcasertib (Solid tumors)	napabucasin (Colorectal cancer / Pancreatic cancer)	thiotepa (Conditioning treatment prior to autologous HSCT for pediatric solid tumors)
		DSP-7888 (Solid tumors / Hematologic malignancies)		
U.S.	alvocidib (AML / MDS)	alvocidib (r/r AML)	napabucasin (Colorectal cancer / Pancreatic cancer)	
	TP-0903 (Solid tumors / Hematologic malignancies )	amcasertib (Solid tumors)		
	DSP-0509 (Solid tumors)	DSP-7888 (Solid tumors / Hematologic malignancies)		
	TP-0184 (Solid tumors)			
	DSP-0337 (Solid tumors)			
	TP-1287 (Solid tumors)			

# R&D Capacity - Regenerative Medicine / Cell Therapy Field

## Background

**Background & Reasons for making regenerative medicine & cell therapy a focus area**

**Long years of accumulated research and the total capabilities of our company and Sumitomo Chemical can be leveraged. Also, possibility of tackling diseases that can't be treated with existing drugs and great market potential is foreseen.**

## Feature

- **A top player aiming to commercialize iPS cell-derived cellular medicines**
- **A robust network with academic institutions and biotech companies; a technology platform of in-house production facilities and manufacturing know-how**



Above : Sumitomo Dainippon Manufacturing Plant for Regenerative Medicine & Cell Therapy (SMaRT)



Right : Working in a safety cabinet in SMaRT

# R&D Capacity - Regenerative Medicine / Cell Therapy Field

Development Pipeline (as of October 30, 2018)

Proposed indication, etc.	Partnering	Region (planned)	Cell type	Clinical research	Clinical study
Chronic stroke (SB623)	SanBio	North America	Allo mesenchymal stem cell		In progress <sup>*2</sup> (Phase 2b study)
AMD (age-related macular degeneration)	Healios RIKEN	Japan	Allo iPS cell-derived retinal pigment epithelium	In progress	Preparing for start
Parkinson's disease (Designated as a "SAKIGAKE")	Kyoto Univ CiRA	Global	Allo iPS cell-derived dopamine neural progenitor		In progress of investigator-initiated clinical study (Phase 1 / 2 study) (Japan)
Retinitis pigmentosa	RIKEN	Global	Allo iPS cell-derived photoreceptor	Preparing for start	
Spinal cord injury	Keio Univ Osaka National Hospital	Global	Allo iPS cell-derived neural progenitor	Preparing for start	

Aim to launch in FY2022\*1

\*1 Launch schedule is based on our goal that is not agreed with partners.

\*2 Plan to conduct Phase 3 study, but aim to utilize the application of accelerated approval program depending on Phase 2b study result.

**Professional Human Resources System utilizing employees with specialization and a strong ability to produce results**

Professional Human Resources  
[Professional Contributors]: approx. 50

**Human resources highly skilled in R&D (technology, expertise, know-how)**

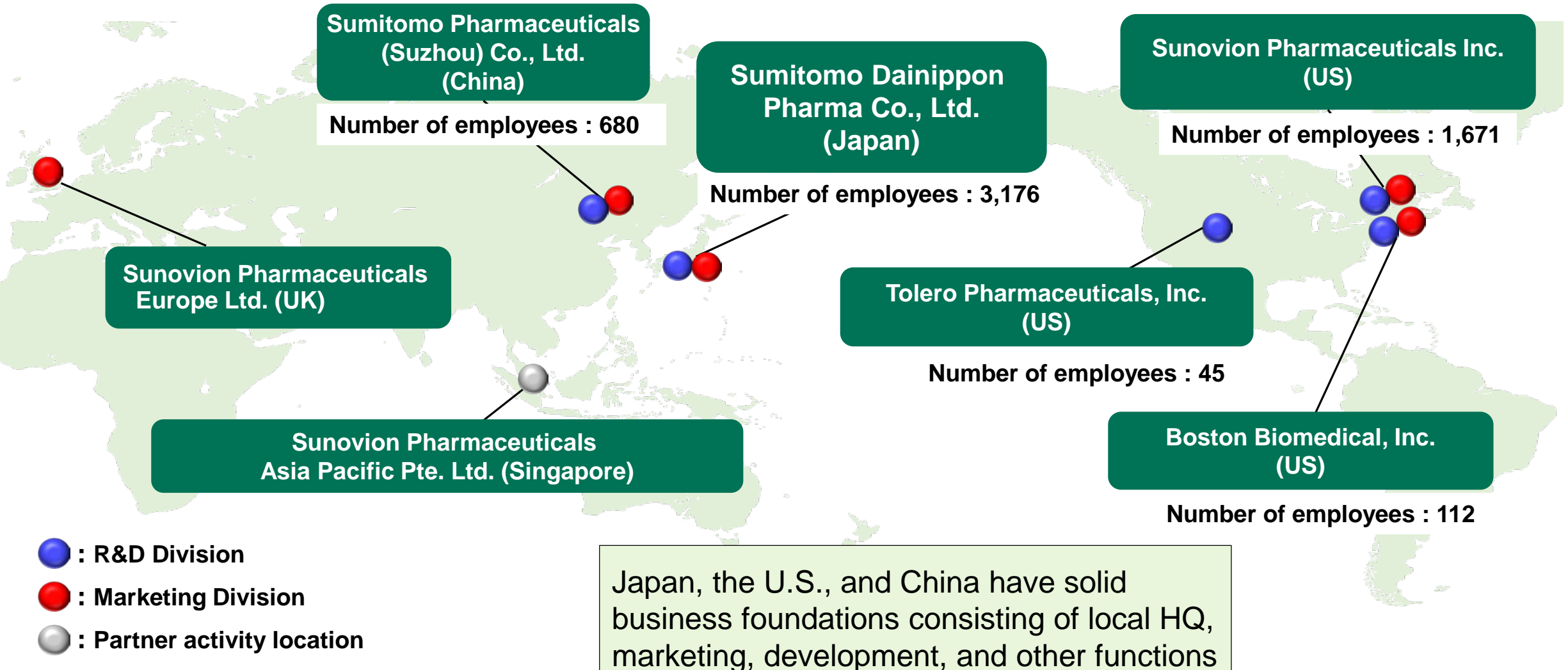
**Sincere, talented employees that contribute strongly to the Company**

**Initiatives for further strengthening human resources**

- ✓ Fostering leaders (DSP Academy)
- ✓ Diversity & inclusion initiative targeting active participation by a varied work force

# Platform Supporting Global Business Expansion

## Capacity to Roll Out New Businesses in the Global Market



Number of employees : As of September 30, 2018



# Platform Supporting Global Business Expansion (China)

**Aim at achieving steady growth centered on sales of MEROPEN® and continuous launches of new products**

Third most important market after Japan and the U.S.

- **Company name: Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.**
- **Established:** December 2003
- **Solid business foundation:**
  - ✓ Has HQ, marketing, development, production functions
  - ✓ Centered on MEROPEN®, expanding business and steadily increasing income with 5 products. 330 MRs cover 30 provinces and cities
  - ✓ Aiming to achieve steady growth through development and launches of new products
    - FY2017 launched LONASEN®
    - FY2019 Lurasidone launch planned
  - ✓ Business operations emphasizing compliance



# Platform Supporting Global Business Expansion (U.S.)

## Business operations leveraging acquired overseas subsidiaries' strengths while sharing our management mission and global strategies

Acquired 2009

### **Sepracor Inc.**

(Currently Sunovion Pharmaceuticals Inc.)

- **Business objectives**
  - ✓ R&D, production, marketing of drugs in North America (psychiatry & neurology, respiratory diseases)
- **Strengths**
  - ✓ R&D capacity in psychiatry & neurology area
- **Basic management policies**
  - ✓ Sunovion responsible for decisions regarding local operations, board of directors\* decides on important management issues
  - ✓ Collaborative R&D with Sumitomo Dainippon Pharma based on shared strategies

Acquired 2012

### **Boston Biomedical, Inc.**

- **Business objectives**
  - ✓ R&D in oncology area
- **Strengths**
  - ✓ R&D capacity centered on cancer stemness inhibition or kinase inhibition
- **Basic management policies**
  - ✓ Operations respecting originality, leveraging individual company characteristics, culture, venture spirit; each company's board of directors\* decides on important management issues
  - ✓ Under direction of Global Head of Oncology, Boston Biomedical & Tolero, conduct collaborative R&D with Sumitomo Dainippon Pharma (DSP Cancer Institute, Oncology Clinical Development Unit, etc.)

Acquired 2017

### **Tolero Pharmaceuticals, Inc.**

\* Majority of board members from Sumitomo Dainippon Pharma.

# Contribute to Sustainable Development

## Sustainable Development Goals (SDGs)

- ✓ By contributing to a sustainable society through provision of innovative products and solutions for unmet medical needs, achieve our sustained growth together with society
- ✓ Goals above also lead to achievement of SDGs

- **Highest priority goals**

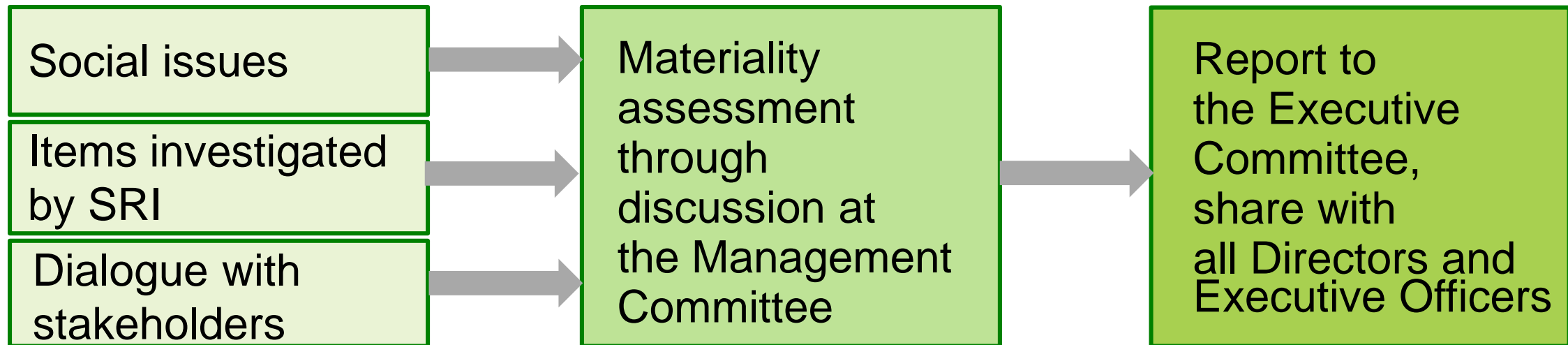


- ✓ Prioritize contribution to Goal 3 and engage in various partnerships in consideration of Goal 17
- ✓ Also focus on promoting proper use of drugs in consideration of Goal 12, and work style innovation in consideration of Goal 8

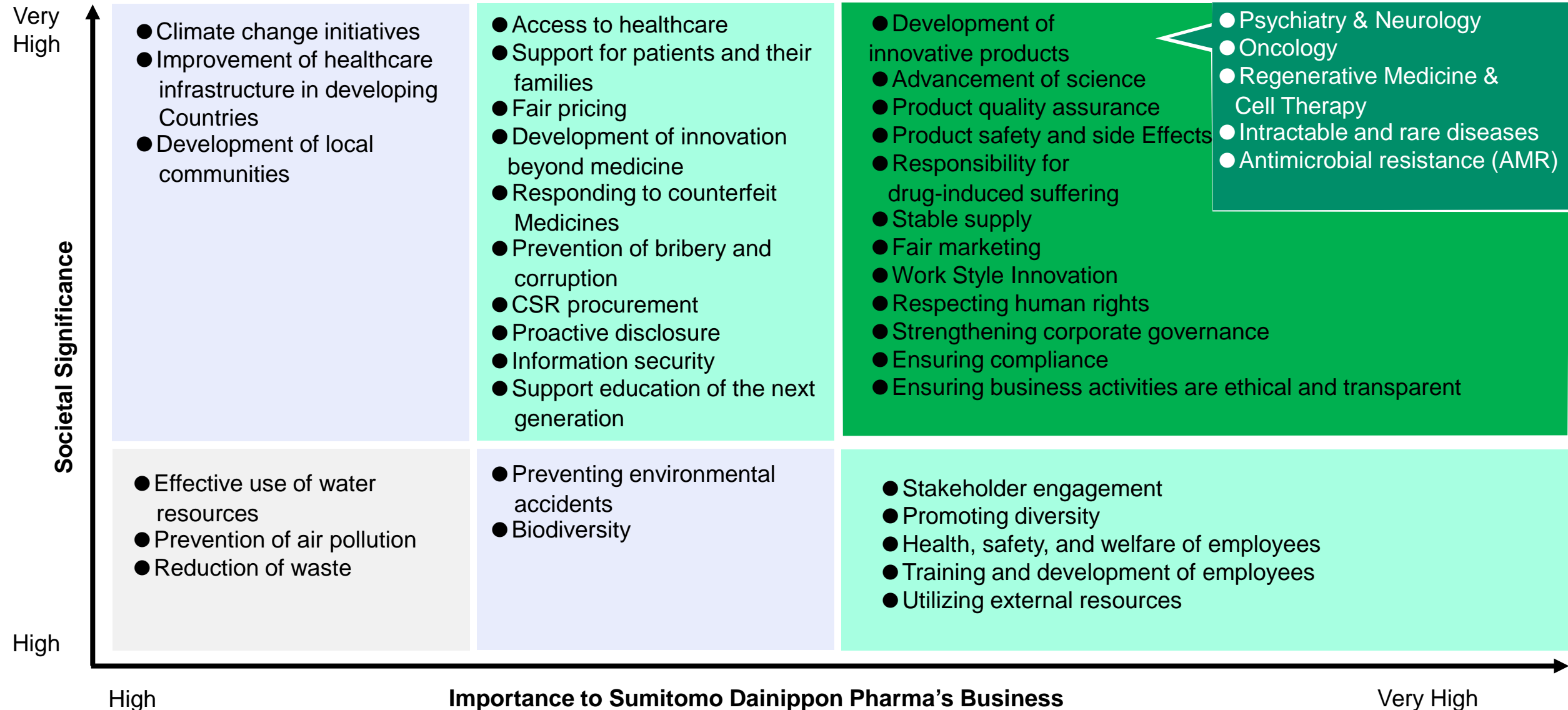


## Background of Materiality Assessment

To continue growing sustainably with society, we have conducted an assessment to identify the material issues to guide our CSR-based management, which is to be addressed through our business activities



# Materiality Map



# Materiality Map (Especially Important Issues)

## Materiality

- Development of innovative products
- Advancement of science

- Product quality assurance
- Product safety and side effects
- Responsibility for drug-induced suffering
- Stable supply
- Fair marketing

## Why it is important to us

- Responding to unmet medical needs
- Sustainable growth of our company
- Taking on a challenge to frontier areas
- Achieving diverse partnerships

- Carrying out responsibilities as a pharmaceutical company
- Respect for life and health of patients
- Risk of losing trust, business difficulties if appropriate responses are not made

## Efforts toward SDGs



# Materiality Map (Especially Important Issues)

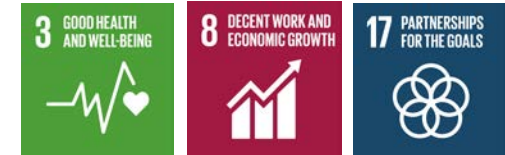
## Materiality

## Why it is important to us

## Efforts toward SDGs

- Work Style Innovation

- Improving employee physical and mental health
- Developing employee skills
- Raising worker productivity
- Sustainable growth of our company



- Respecting human rights
- Strengthening corporate governance
- Ensuring compliance
- Ensuring business activities are ethical and transparent

- Through improved access to medicines, contribute to eliminating health inequality
- Engage in transparent, fair business

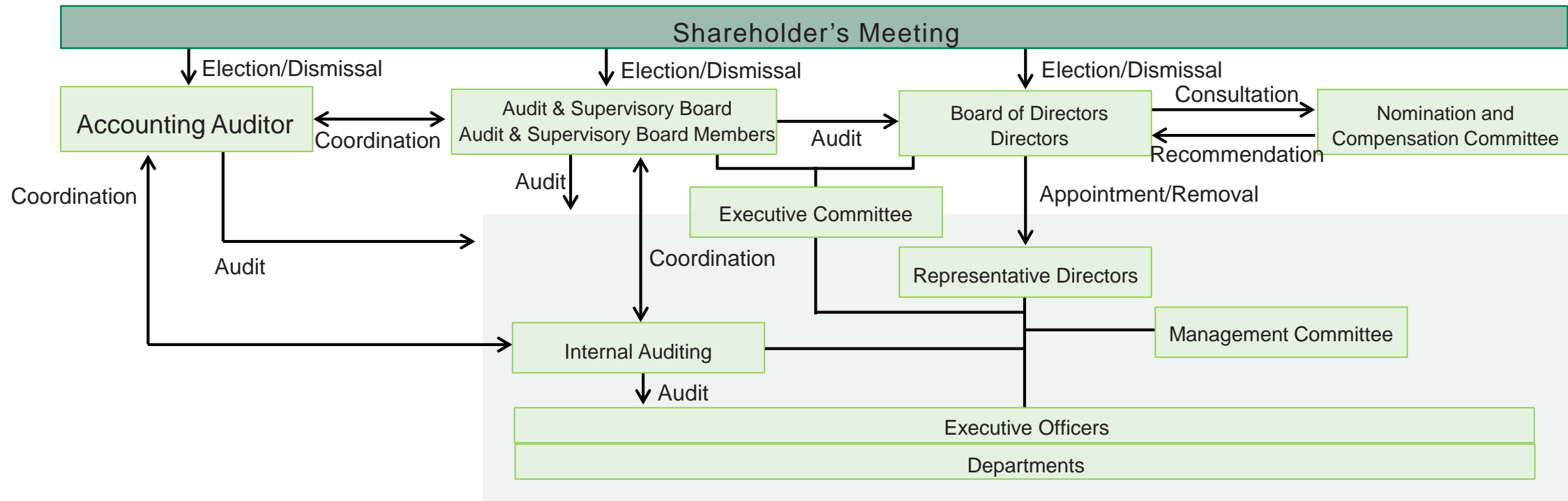


# Corporate Governance

**Hiroshi Nomura**  
**Representative Director, President and CEO**



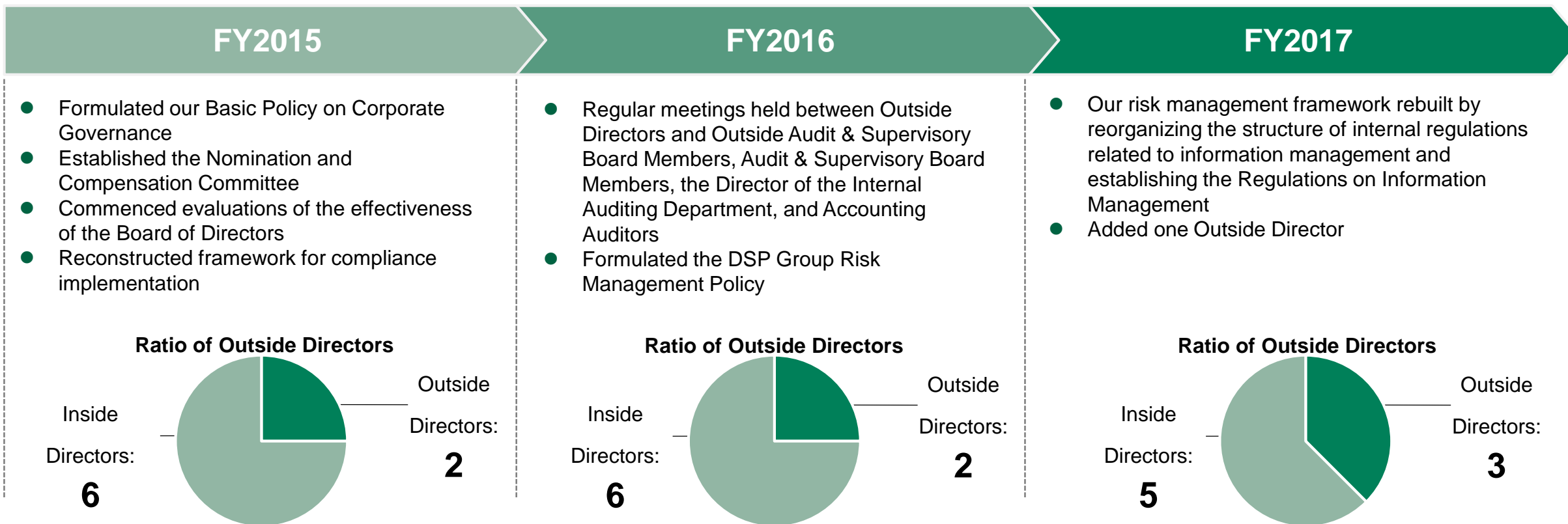
# Corporate Governance Structure



- Select the organizational structure of a “Company with an Audit & Supervisory Board” to audit the execution of duties by the Directors, independent of the Board of Directors
- Adopt an executive officer system to separate management supervision from business execution
- The Board of Directors consists of eight members, including three Independent Outside Directors
- Have a Nomination and Compensation Committee, which has Independent Outside Directors for a majority of its members, as a consultative body to the Board of Directors (Chairman: Independent Outside Director)

# Measures to Strengthen Governance in Recent Years

## Strengthening corporate governance for sustainable growth



In addition to carrying out ongoing evaluations of the effectiveness of the Board of Directors, holding regular meetings with Outside Directors, and offering training opportunities for Board Members and Executive Officers, in fiscal 2017 we increased the number of Outside Directors (so that they comprise three of the eight director positions) and further enhanced information provision to our Outside Directors

# Diversity of Outside Directors

## Outside Directors

**Attorney**  
(Former Commissioner  
General of the National Police  
Agency)

**Medical Doctor**

**Corporate executive /  
Certified public accountant**



## Outside Audit & Supervisory Board Members

**Tax / Financial expert**  
(Former Director-General  
of the Inspection Bureau of  
the Financial Services  
Agency)

**Corporate executive**

**Attorney**

# Reasons for Appointment of Outside Directors

## Outside Directors

### Hidehiko Sato



- 1968: Joined the National Police Agency
- 2002: Commissioner General of the National Police Agency
- 2011: Admitted to the Bar (Japan)
- 2011: Outside Audit & Supervisory Board Member of the Company
- 2011: Outside Director of JS Group Corporation (currently, LIXIL Group Corporation)
- 2013: Outside Member of the Board of Directors of the Company (to the present)
- 2014: Outside Director of Resona Bank, Ltd.
- 2015: Outside Director of Resona Holdings, Inc. (to the present)

### Reasons for Appointment

Hidehiko Sato has a wide range of knowledge and considerable experience, which he has acquired in the course of his career during which he held various positions such as the Counselor of the Cabinet Legislation Bureau and the Commissioner General of the National Police Agency. He also has expertise as an attorney. He has been appointed as an Outside Director in the hope that he will be able to contribute to the management of the Company with his knowledge, experience and expertise.

### Yutaka Atomi



- 1970: Intern Doctor at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo
- 1988: Visiting Researcher at the Department of Surgery of the University of California, San Francisco
- 1992: Professor at the First Department of Surgery of the School of Medicine of Kyorin University
- 2004: Dean of the School of Medicine of Kyorin University
- 2010: President of Kyorin University
- 2013: Outside Audit & Supervisory Board Member of the Company
- 2017: Outside Member of the Board of Directors of the Company (to the present)
- 2018: President Emeritus of Kyorin University (to the present)

### Reasons for Appointment

Yutaka Atomi has considerable experience and expertise as a medical doctor. He has been appointed as an Outside Director in the hope that he will be able to contribute to the management of the Company with his experience and expertise.

### Saeko Arai



- 1987: Joined Eiwa Audit Corporation (currently, KPMG AZSA LLC)
- 2002: Established Gratia, Inc. (currently, Acuray, Inc.) and assumed the position of President thereof (to the present)
- 2017: Outside Audit & Supervisory Board Member of teamS Inc. (to the present)
- 2017: Outside Audit & Supervisory Board Member of AEON Credit Service Co., Ltd. (to the present)
- 2018: Professor at the Faculty of Global Business of Showa Women's University (to the present)
- 2018: Outside Member of the Board of Directors of Tokyu Fudosan Holdings Corporation
- 2018: Outside Member of the Board of Directors of the Company (to the present)

### Reasons for Appointment

Saeko Arai has extensive experience as a corporate executive, having engaged in business management at multiple companies, and expertise as a certified public accountant. She has been appointed as an Outside Director in the hope that she will be able to contribute to the management of the Company with her experience and expertise.

# Reasons for Appointment of Outside Directors

## Outside Audit & Supervisory Board Members

### Kazuto Nishikawa



1971: Joined the Ministry of Finance  
 2001: Director-General of the Inspection Bureau of the Financial Services Agency  
 2013: Outside Audit & Supervisory Board Member of the Company (to the present)  
 2014: Nonmember Inspector of the Hyogo Prefectural Credit Federation of Agricultural Cooperatives (to the present)

### Reasons for Appointment

Kazuto Nishikawa has considerable experience and expertise as an expert in the fields of tax affairs and finance, having served as the Regional Commissioner of the Tokyo Regional Taxation Bureau and the Director-General of the Inspection Bureau of the Financial Services Agency. He has been appointed as an Outside Audit & Supervisory Board Member in the hope that he will be able to contribute to the auditing of the Company using his experience and expertise.

### Junsuke Fujii



1976: Joined Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation)  
 2009: Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation  
 2015: Director and Chairman of The Japan Research Institute, Limited  
 2016: Outside Audit & Supervisory Board Member of House Foods Group Inc. (to the present)  
 2016: Outside Audit & Supervisory Board Member of The Royal Hotel, Limited (to the present)  
 2017: Outside Audit & Supervisory Board Member of the Company (to the present)

### Reasons for Appointment

Junsuke Fujii has considerable experience and a wide range of knowledge as a corporate executive, having served as an officer at Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Financial Group, Inc. and The Japan Research Institute, Limited. He has been appointed as an Outside Audit & Supervisory Board Member in the hope that he will be able to contribute to the auditing of the Company using his experience and knowledge.

### Yoshio Iteya



1983: Admitted to the Bar (Japan)  
 1989: Admitted to the Bar (New York)  
 1992: Partner at Mori Hamada & Matsumoto (to the present)  
 2000: Lecturer at the Graduate School of International Corporate Strategy of Hitotsubashi University (currently, the Graduate School of Law of Hitotsubashi University) (to the present)  
 2004: Adjunct Professor at Hitotsubashi University School of Law (to the present)  
 2018: Outside Audit & Supervisory Board Member of the Company (to the present)

### Reasons for Appointment

Yoshio Iteya has extensive experience and expertise as an attorney. He has been appointed as an Outside Audit & Supervisory Board Member in the hope that he will be able to contribute to the auditing of the Company using his experience and expertise.

# Analysis, Evaluation of Board of Directors' Effectiveness

## ■ Objectives

In order to find out: (i) whether there are any differences between the ideal status of the roles and duties, etc. of the Board of Directors of the Company that are set forth in the Basic Policy and the actual circumstances of the Board of Directors; and (ii) matters to be discussed for the further enhancement of the effectiveness of the Board of Directors

## ■ Major Survey Categories

- |   |  |
|---|--|
| 1. Composition of the Board of Directors  | 6. Roles of Independent Outside Directors  |
| 2. Roles and duties of the Board of Directors   | 7. Roles of Audit & Supervisory Board Members and the expectations for the Audit & Supervisory Board Members |
| 3. Status of the operations of the Board of Directors                                 | 8. Relationship with stakeholders  |
| 4. Functions of the Nomination and Compensation Committee                             | 9. Improvements over last fiscal year  |
| 5. Support system for Outside Directors and Outside Audit & Supervisory Board Members |  |

## ■ Evaluation Overview

- Overall, the Board of Directors demonstrates effectiveness
- Improvement has been made in FY2017 with regard to issues recognized in FY2016

## ■ FY2018 Issues

- To give sufficient prior explanations to the Outside Directors and the Outside Audit & Supervisory Board Members at an early time regarding highly-specialized matters that are specific to the pharmaceutical industry
- To secure adequate time to discuss important matters

# Information Disclosure

## Basic Stance on Information Disclosure

In accordance with the policy stated in our Declaration of Conduct, we at Sumitomo Dainippon Pharma proactively disclose information to the public and, recognizing the importance of transparency in earning society's trust, work to disclose our corporate information in a timely, appropriate, and fair manner to our stakeholders.

## Standards and Methods for Information Disclosure

In regard to information required to be disclosed by the Timely Disclosure Rules of the Tokyo Stock Exchange (TSE), we promptly disclose information through the Timely Disclosure Network (TDnet), the timely disclosure notification system provided by the stock exchange. We also disclose information appropriately in English to the extent reasonably possible.

With regard to information for which timely disclosure is not required, we actively disclose information needed for stakeholders, including shareholders, to understand Sumitomo Dainippon Pharma properly through such means as press releases and our corporate website.

[Our corporate website: Stance on Information Disclosure \(https://www.ds-pharma.com/ir/d\\_policy/\)](https://www.ds-pharma.com/ir/d_policy/)

# Compliance and Risk Management

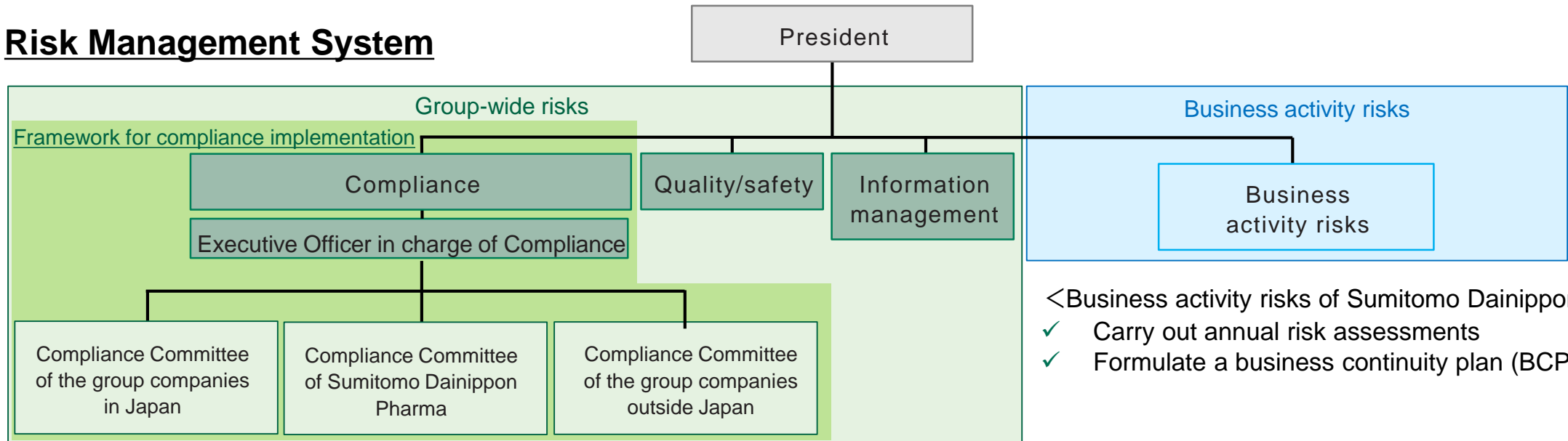
## Compliance

- Ensure full compliance based on Compliance Standards
- One of Sumitomo Dainippon Pharma’s executive officers is charged with overseeing all the compliance matters of Sumitomo Dainippon Pharma and its group companies
- Hold each compliance committee

## Risk Management

- Implement risk management based on DSP Group Risk Management Policy
- According to the particularities of each risk, risks are divided into those requiring a horizontal, group-wide approach, and those requiring specific approaches by each company
- The status of operations in each system to promote risk management is reported to the Board of Directors

### ■ Risk Management System



<Business activity risks of Sumitomo Dainippon Pharma>

- ✓ Carry out annual risk assessments
- ✓ Formulate a business continuity plan (BCP)



## Relationship with Sumitomo Chemical Co., Ltd.

### Overview of Sumitomo Chemical Co., Ltd. (the parent company of Sumitomo Dainippon Pharma):

- Comprehensive chemical enterprise of the world
- Four main sectors: Petrochemicals & Plastics sector, Energy & Functional Materials sector, IT-related Chemicals sector, and Health & Crop Sciences Sector
- Holds 51.78% of Sumitomo Dainippon Pharma's voting rights (as of September 30, 2018)

#### Respect for independence of management

- Our management independence is maintained, with no requirements for approvals by the parent company concerning our business operations
- No director of Sumitomo Chemical is appointed as a director of Sumitomo Dainippon Pharma

#### Transactions with the parent company

Sumitomo Dainippon Pharma and Sumitomo Chemical have concluded agreements for the leasing and purchase of raw materials used in the production of active pharmaceutical ingredients. Prices are determined based on discussions between the two parties with reference to general market prices

#### Acceptance of seconded from the parent company

Sumitomo Dainippon Pharma retains some personnel seconded from the parent company based on our own judgment, and believes this has no influence on our business management or operations

**The interests of other shareholders are not negatively affected.**

# **Employee Training, Work Style Innovation, Diversity & Inclusion**

**Ichiro Takahashi**  
**Senior Director, Human Resources**

# New HR System (Professional Human Resources System)

Revised April 1, 2016

## Maximized use of HR to enhance ability to produce results based on professionalism

- **PC (Professional Contributor)**  
Person producing maximal results through outstanding individual capability  
Person with enhanced ability to produce results based on high level of professionalism
- **PM (Professional Manager)**  
Person producing maximal results through professionalism in organization management

## Creating a strong corporate culture

- **Raise individual capabilities**
- **Strengthen ability of organization to produce results**

# Initiatives to create company-wide education program for enhancing individual capabilities, including education to enhance employee skills

## DSP Academy for selective training began in FY2016

### ● Objective

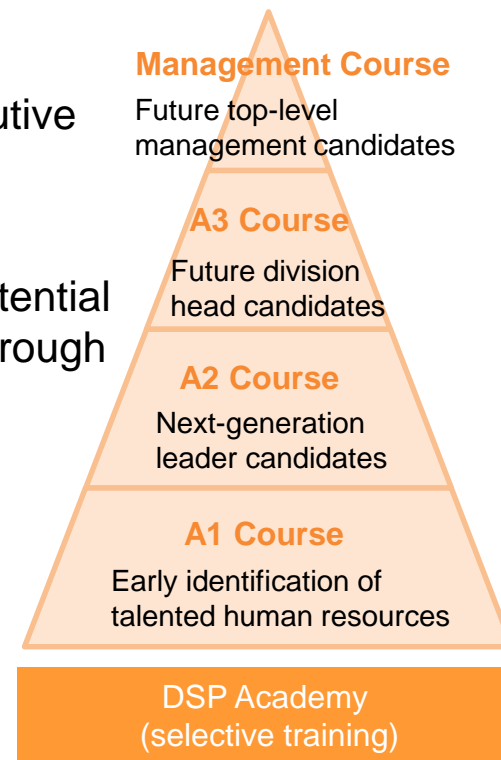
To select and nurture future managers, executive candidates

### ● Targets

Select those who are ambitious and show potential from four different grades, including young through mid-career employees and managers

### ● Features

- ✓ Management courses to nurture future managers with Mr. Tada (Representative Director & Chairman) as head
- ✓ Various types of training, including that based on case studies and action learning



## Overseas open recruitment training began in FY2017

### ● Objective

Place young employees with future promise in different industries and cultural backgrounds from a very early stage, allowing them to overcome difficulties themselves and develop lasting fortitude

### ● Number of trainees to date

6 (As of October 2018)

# Researcher Development Program, Talent Management System

## Researcher development program

### Nurturing project leaders

- Actively appoint young employees as project leaders
- 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)
  - ✓ Create ideal image of researcher for young researchers to aim at

### Human resources management policy

- Target: All in research division
- Content: Develop creative thinking and flexibility. Ideation in view of commercialization is required.
  - ✓ Training in ideation
  - ✓ Entrepreneurship training: Presentations by entrepreneurs

## Company-wide: Talent management system (From April 2018)

Introduced talent management system to enhance human resources development, ensure proper placement of employees, and maximize results produced by organization

### Objectives

- Nurture and manage next-generation managers who will contribute to competitive advantage
- Create culture conducive to independent career planning and autonomous self-improvement
- Create environment where bosses and staff can draw up career plans matched to individuals

### Success Factors “System Screen”



Facilitate analysis by making staff distribution and other information visible in graphs and figures.

## Endeavors in Work Style Innovation (1)

**Change mindset toward time-conscious working, high value-added productivity. Achieve work-life balance situation enabling involvement of diverse people.**

### ● Reassessment of work styles in each workplace

- ✓ 2017 set as year-one of work style innovation. Seminars on practical work style innovation held 5 times
- ✓ “Work Style Innovation Meetings” held continuously to discuss reassessment of work styles by staff in each work place
- ✓ Work style innovation microsite (Intranet) set up for information sharing

### ● Office environment innovation

- ✓ Introduced open address system in pace with renovation and layout changes at Osaka Head Office and Tokyo Head Office
- ✓ Established rooms for concentrated discussion and open, unassigned meeting spaces as work space options for different work types



## Endeavors in Work Style Innovation (2)

### ● Achieving Work-Life Balance

- The work from home system
- A staggered work hours system (starting FY2018)
- MR area selection system
- Subsidies for use of non-registered childcare facilities
- Childcare leave for husbands (Common name: Childcare Leave for Fathers)



For the company's efforts to promote child support, we received the "Platinum Kurumin" Certification in 2017

### ✓ Approach for curbing long working hours

- Thoroughness of no overtime days
- Encouragement of the usage for paid leave (Achieved a 65% utilization rate for paid leave in FY2017)

### ✓ Formulation of an *Ikuboss* Declaration

- Joined *Ikuboss* Corporate Alliance in order to promote awareness of childcare needs among managers to support working and personal lives of subordinates and drew up *Ikuboss* Declaration

### ● Creating workplaces where employee can be healthy and vibrantly active

#### ✓ Formulation of our Declaration of Health Innovation

- Closing smoking areas in all offices during FY2018 (Closed at Osaka & Tokyo HQ at the end of September 2018)
- Raising health awareness (health-related seminars, events, etc.)



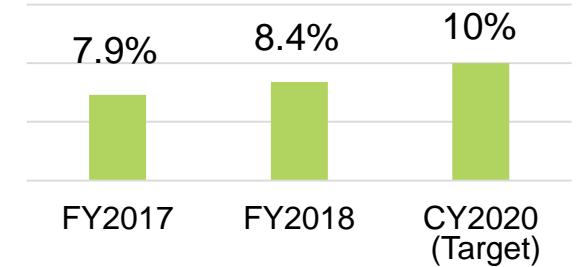
For our excellent health management, we received the "White 500" Certification (2 years running: 2017 & 2018)

# Promoting Diversity and Inclusion

## ● Promoting female involvement

- ✓ Goal of at least 10% female managers by 2020
  - Introducing systems for diverse work styles
  - In order to change mindset regarding female employees and their bosses, conducting training for all managers to promote awareness of need for female leaders and to emphasize an increase in permanence and personal development of women
  - Training for women returning to work after childcare leave

Female manager rate (non-consolidated)



Received 3-Star “*Eruboshi*” (highest rank) certification for excellence of efforts in encouraging involvement of women (2017)

## ● Actively employing workers with disabilities

- ✓ Established Cocowork Co. Ltd. in July 2018
  - Goal is to contribute to independence of persons with mental disorder, an important social issue in psychiatry & neurology area
  - Providing employment in solar-powered hydroponic cultivation of leafy vegetables, etc.

## ● Enhancing understanding of LGBT

- ✓ Held LGBT Training for all officers and managers to promote proper understanding of LGBT
- ✓ Established consultation desk for diverse sexualities



# **CSR Activities and Environment**

**Kazuhiro Takada**  
**Executive Officer, Senior Director, Corporate Governance**

## Views on Social Contribution Activities

- **As a good corporate citizen, engage in social contribution activities based on Article 7 of our Declaration of Conduct “Build harmonious relationships with society”**
- **Focusing on activities related to our business including raising awareness of diseases and educational support, environmental conservation activities, and donations/supportive activities**

- **Basic principles in our social contribution activities**

- ✓ Ensure that our employees always have an awareness that our business is dependent on public trust and credibility
- ✓ Respect and understand diverse values and cultures nurtured in various communities and by people
- ✓ Be aware of harmonious relationships with society and fulfill responsibilities as well as contributions as a member of society

# Access to Healthcare

## Program for safe delivery and sound infant growth

● **Start:** July 2016

● **Objective:**

Implementing a health education program for children and mothers for safe delivery and sound infant growth in Cambodia together with NPOs and local governments

● **FY2017 Results:**

- ✓ Nurtured 19 community care volunteers for mothers and newborns
- ✓ These volunteers visited 241 houses of pregnant women/newborn babies and provided education on hygiene/nutrition
- ✓ Helped supervision and preparation of textbooks for young mothers provided during these visits and supported the operation of the program



## Joined Access Accelerated, a global initiative to improve access to healthcare in developing countries

● **Start:** January 2017 (joined at the start of the initiative)

● **Objective:**

Participating in “Access Accelerated,” a partnership of more than 20 global pharmaceutical companies, World Bank, and other international organizations aiming to improve access to care for NCDs in low- to low-middle-income countries.

● **FY2017 Results:**

- ✓ Started pharmaceutical regulatory-easing initiatives in 5 countries
- ✓ Promoted 62 individual company programs in 88 countries
- ✓ Registered the health education program for children and mothers in Cambodia as our company’s individual program



# Social Contributions – Support for patients and their families

## Implementing support through donations



### ● Objective:

In the spirit of our global slogan “Innovation today, healthier tomorrows”, supporting patients and their families through donations

### ● Results:

- ✓ Provided donations combining donations from officers and employees as well as donations from the company.
- ✓ Main recipients in FY2017:
  - The Japan Association of Certified Child Life Specialists
  - The Japan Association of Medical Translation for Cancer



## Supporting “The Japan Epilepsy Research Foundation”



### ● Objective:

Promoting research on treatments in the field of epilepsy and contributing to the health and healthcare of the public

### ● FY2017 Results:

- ✓ Research grant: 12
- ✓ Overseas study grant: 2
- ✓ Grant for inviting overseas researchers: 1



## Implementing patient support



### ● Objective:

Our U.S. subsidiary Sunovion Pharmaceuticals Inc. promotes education and awareness across the psychiatry & neurology and respiratory therapeutic areas

### ● FY2017 Results:

Provided support for events by the U.S. National Alliance on Mental Illness (NAMI) and also for “Be Vocal,” a campaign promoting mental health in the U.S.



# Social Contributions - Support education of the next generation/responding to counterfeit medicines

## Providing learning opportunities that leverage our strength as a pharmaceutical company



● **Start:** FY2012

● **Objective:**

Providing learning opportunities that enable children who will shape the future to grow in good health and exercise their potential to the fullest

● **Results:**

- ✓ Our employees provided visiting lectures using an original program on bioethics at junior high and high schools
- ✓ FY2017: About 2,800 students at 29 schools participated. Our employees serving as instructors: 40 people



## Responding to counterfeit medicines



● **Objective:**

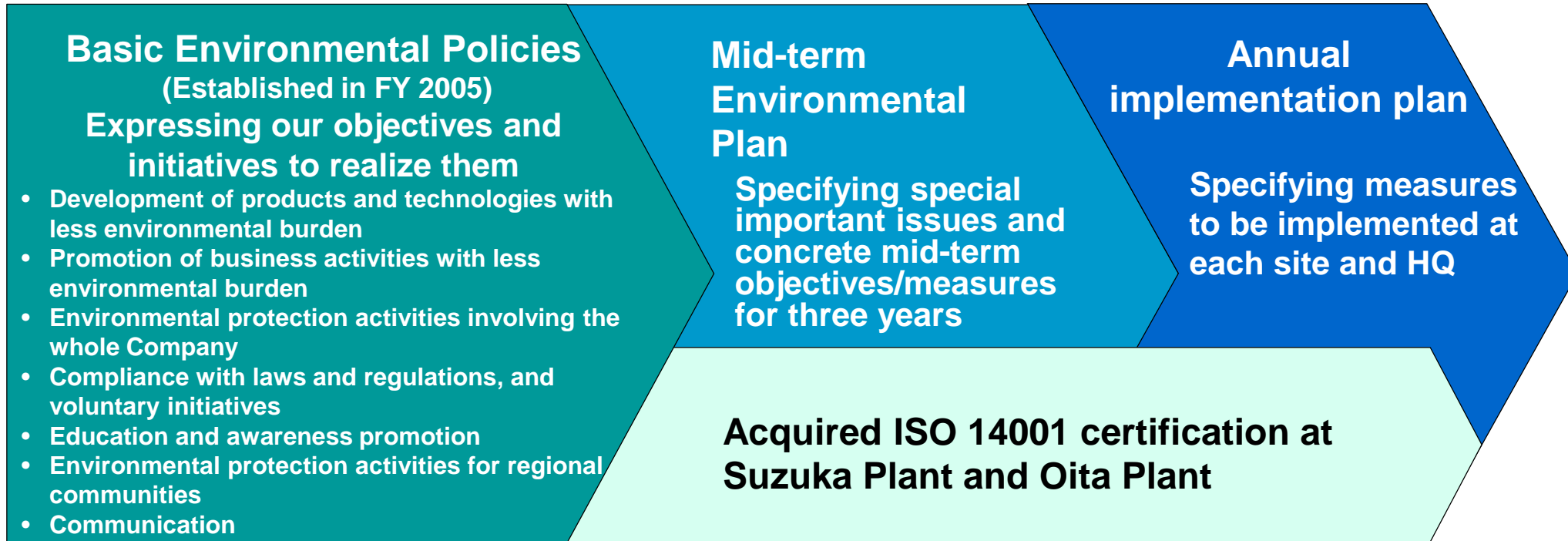
Preventing occurrence of health hazards by illegally manufactured/distributed counterfeit drugs. Solving the problem through international coordination so that these drugs do not become a source of funds for criminal and terror organizations

● **Results:**

- ✓ Joined Pharmaceutical Security Institute to share information in and outside Japan
- ✓ Took anti-counterfeiting measures for drugs distributed in high-risk countries/regions, drugs that can be easy targets, and drugs that could cause critical health harm if counterfeit versions were made
- ✓ Established a global protocol in order to take prompt measures for patients' health as a top priority in the event that a counterfeit product is detected or a suspicious case arises

# Environmental Initiatives

## ● Environmental Management



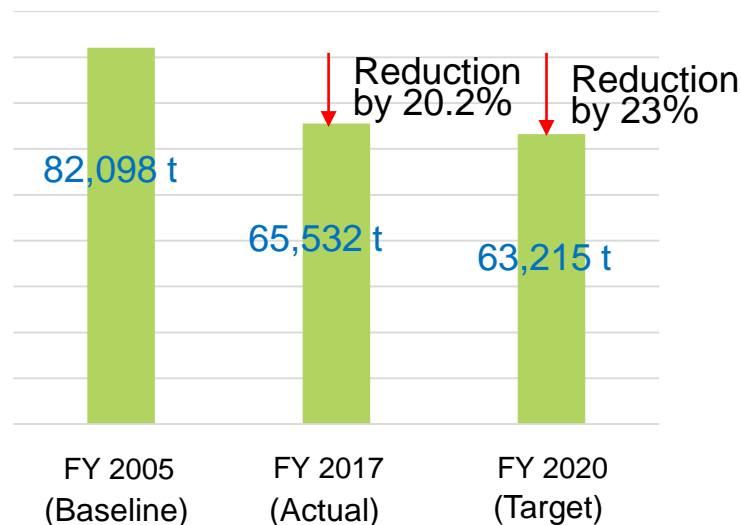
- ✓ Holding Environmental and Safety Committee, which covers the entire company twice yearly
- ✓ Committee Secretariat regularly conducts internal audits to monitor their compliance with environmental and safety policies at company sites and group companies in Japan

# Building a Low-Carbon Society (CO<sub>2</sub> reduction)

## ● FY2017 Results:



- ✓ Carried out energy reduction measures such as optimizing the operation of air conditioners for the reorganization of production sites, as well as use of cogeneration systems and solar power generation facilities
- ✓ Reduced CO<sub>2</sub> emission by 20.2% from FY 2005 (Mid-term target: 23% reduction of entire company's CO<sub>2</sub> emission from FY2005 by FY2020)



## ● Towards the setting of Science-Based Targets (SBT)



- ✓ SBT means GHG reduction goals set by companies “to keep a global temperature rise below 2°C above pre-industrial levels” in line with reduction scenarios based on climate science
- ✓ SBT Initiative reviews and certifies the target submitted by a company based on consistency with the 2°C target
- ✓ We applied for one of the initiatives called “company value improving programs” led by the Ministry of the Environment, which aims to support companies embarking on SBT, and were successfully awarded the ministry’s support
- ✓ We will set the CO<sub>2</sub> reduction target for FY2030, aiming to be certified for SBT in 2 years

# External evaluation for our sustainability

## Selected year

<p><b>2003 – continuation</b></p>	 <p>FTSE4Good</p>	<p><b>2017 – continuation</b></p>	 <p>FTSE Blossom Japan</p>
<p><b>2010 – continuation</b></p>	 <p>2018 Constituent MSCI ESG Leaders Indexes</p>	<p><b>2017 – continuation</b></p>	 <p>Member of SNAM Sustainability Index 2018</p>
<p><b>2017 – continuation</b></p>	<p>MEMBER OF <b>Dow Jones Sustainability Indices</b> In Collaboration with RobecoSAM</p>	<p><b>2018</b></p>	
<p><b>2017 – continuation</b></p>	 <p>2018 Constituent MSCI Japan ESG Select Leaders Index</p>		



# Appendices

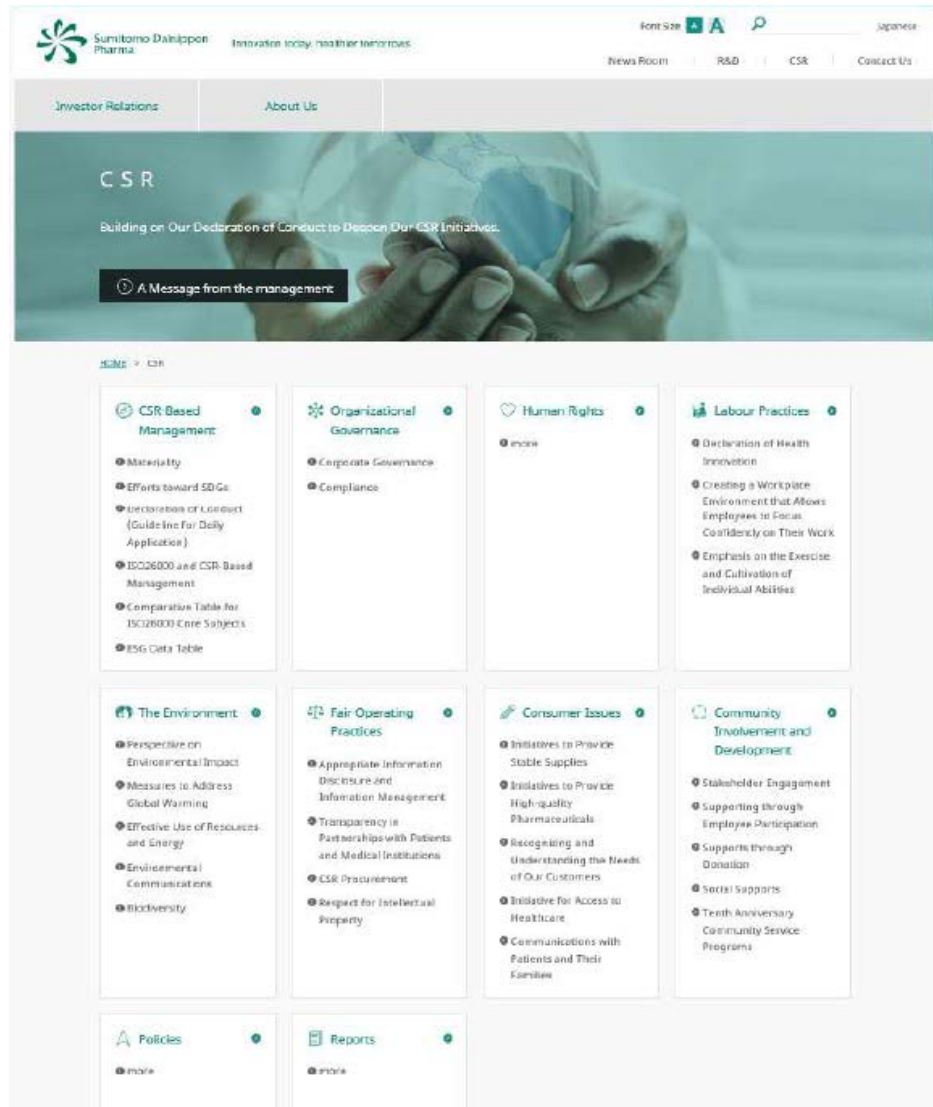
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P.50-54 Our Initiatives Related to SDGs

# Website : CSR Pages

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



### ● Contents

- Message (President and CEO, management)
- CSR-Based Management (materiality, efforts toward SDGs, ESG data table, etc.)
- Organizational Governance
- Human Rights (respecting Human Rights, Initiatives to Prevent Harassment, etc.)
- Labor Practices (declaration of health innovation, creating a workplace, cultivation of individual abilities, etc.)
- Environment (measures to address global warming, biodiversity, etc.)
- Fair Operating Practices (appropriate information disclosure and information management, CSR procurement, etc.)
- Consumer Issues (initiative for access to healthcare, etc.)
- Community Involvement and Development (stakeholder engagement, donation, etc.)
- External Evaluation etc.

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



- TABLE FOR TWO (Japan, five facilities)
- Food donations to affected area by earthquake (Haiti)
- Donations to needy family in affected area by the Great East Japan Earthquake (Ishinomaki, Miyagi Pref. Japan)
- Donations to cafeterias for children in affected area by the Great East Japan Earthquake (Ishinomaki, Miyagi Pref. Japan)



- TABLE FOR TWO (Japan, five facilities)
- Nutrition education for mothers and newborns (Cambodia)
- Food donations to affected area by earthquake (Haiti)
- Donations to cafeterias for children in affected area by the Great East Japan Earthquake (Ishinomaki, Miyagi Pref. Japan)



- Pharmaceutical business (psychiatry & neurology, oncology, regenerative medicine / cell therapy, intractable and rare diseases, etc.) and frontier area business
- Tackling with AMR (anti-microbial resistance)
- Participation in GHIT-Fund to develop medicine for malaria
- Participation in Access Accelerated for NCD in developing countries
- Operation of pharmaceuticals information center (Japan)
- Operation of health and medical information website (Japan)
- Capacity building project for mother and newborns (Cambodia)
- Donation to training of Child Life Specialist (Japan)
- Donation to training of Mental Health Peer Support Specialist (Japan)
- "Health Innovation" (health, safety and welfare of employees, Japan)

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



- TABLE FOR TWO (Japan, five facilities)
- Capacity building project for mother and newborns (Cambodia)
- Providing collaborative classes about life science (Japan)
- Donation to training of Child Life Specialist (Japan)
- Donation to training of Mental Health Peer Support Specialist (Japan)
- Supports through the Japan Epilepsy Research Foundation (Japan)
- Promotion of "COOL CHOICE" (Japan)



- Capacity building project for mother and newborns (Cambodia)
- Supporting Women's Active Participation (Japan)
- Encouragement men to participate in child care (Japan)
- Participation in IkuBoss Alliance (Japan)
- LGBT-friendly facility (Japan, Osaka headquarter)

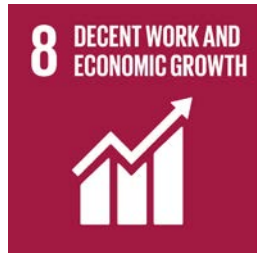


- Donation for sanitation infrastructure (Burkina Faso)
- Water use reduction
- Wastewater management at research centers, plants and facilities
- Initiative for biodiversity (Kishiwada, Osaka Pref. Japan)



- Effective Use of Energy
- Effective Use of Resource
- Utilization of solar power generating systems (two research centers, Japan)
- Utilization of fuel-efficient vehicles (Japan)

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



- Work Style Innovation (Japan)
- Achieving Work-Life Balance (Japan)
- CSR procurement
- Promoting Employment of Persons with Disabilities
- "Health Innovation" (health, safety and welfare of employees, Japan)



- Sustainable manufacturing, logistics and procurement
- Utilizing external resources
- Open innovation "PRISM" (Japan)
- Participation in GHIT-Fund to develop medicine for malaria



- Tackling with inequality in access to healthcare
- Initiatives to improve access to medicines
- Supports for development of healthcare infrastructure and capacity building in developing countries
- Participation in Access Accelerated for NCD in developing countries
- Capacity building project for mother and newborns (Cambodia)
- TABLE FOR TWO (Japan, five facilities)



- Initiatives for recycling-based society
- Risk mitigation of environmental accidents
- Reduction of environmental loading through products' lifecycle
- Product development to consider impacts of climate change and water risks
- Collaboration with Sumitomo Chemical group and supply chains (Scope3)

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



- Product stable supply and quality assurance
- Product safety and side effects
- Providing and collecting products' information
- Advocacy for proper antibiotic usage
- Initiatives for recycling-based society
- Risk mitigation of natural disasters



- Reduction of environmental loading through products' lifecycle
- Initiative to reduce CO<sub>2</sub> emission
- Environmental preservation management (Green Product Development, Green Facilities Design)
- Product development to consider impacts of climate change and water risks
- Collaboration with Sumitomo Chemical group and supply chains (Scope3)
- Utilization of solar power generating systems (two research centers, Japan)
- Utilization of fuel-efficient vehicles (Japan)
- Promotion of "COOL CHOICE" (Japan)
- Donations to Keidanren Nature Conservation Fund (Japan)



- Initiative for biodiversity (Kishiwada, Osaka Pref. Japan)
- Risk mitigation of environmental accidents
- Reduction of environmental loading through products' lifecycle
- Product development to consider impacts of climate change and water risks
- Wastewater management at research centers, plants and facilities

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



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



- Fair and transparent business management
- Promoting corporate governance
- Enhancement of 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    • People's Hope Japan
- CDP    • TABLE FOR TWO    • Future Code    • Malaria No More Japan , etc.



Sumitomo Dainippon  
Pharma

Innovation today, healthier tomorrows