

Training and Development of Employees | FY2023 Archive

| Human Resource Development Policy

Sumitomo Pharma advocates “Improve individual capabilities and collaborate with peers” in item 4 of the Declaration of Conduct, which serves as the code of conduct for our employees and executives. Based on the idea that individual growth and business growth are mutually necessary, we see that each and every employee plays a leading role in our Sustainability Management, and we aim to realize individual and business growth and continuously provide value to society through our human resources strategies that work in tandem with our management strategies.

For this purpose, we have identified the “Desired Talent for Sumitomo Pharma Employees” and position the following three aspects as valued capabilities. We also support employees' growth through training, job rotations, and other programs. Regarding training, we restructured our personnel development system in fiscal 2016 and have been actively training employees to have expertise and management knowledge.

Recognizing the combination of group companies in North America as a good opportunity, we will establish a human resources portfolio for the Group (Japan, North America, Asia, and other regions) to enable it to closely work together to achieve its goals and thereby recruit, develop, and assign employees more effectively and efficiently.

Desired Talent for Sumitomo Pharma Employees



An Environment in Which Employees Can Fully Exercise Their Capabilities

We actively support the growth of our employees and foster a culture where each and every one of them can work to develop their capabilities on their own initiatives, and we focus on creating a safe and encouraging work environment, where employees can concentrate on their work and demonstrate their abilities so that they can maximize their independence and creativity.

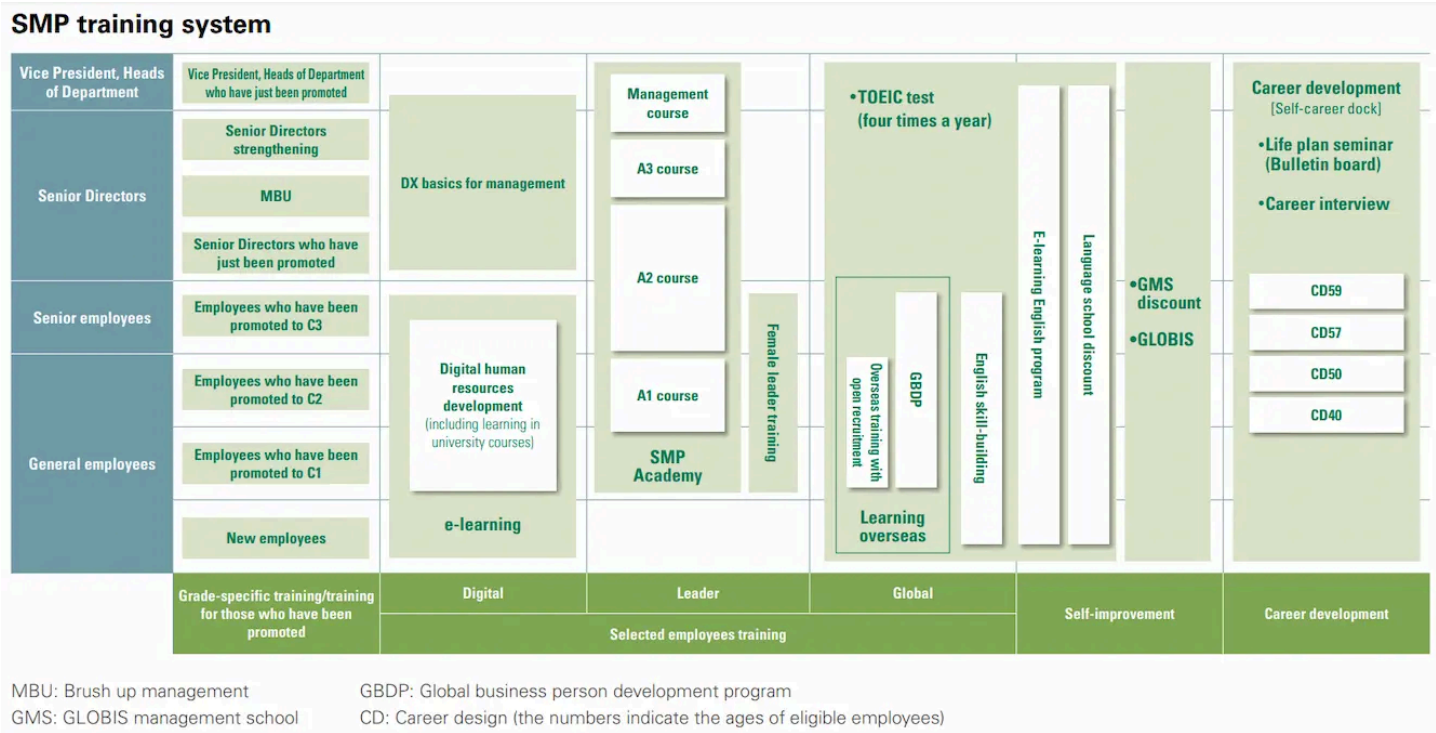
Personnel development primarily consists of on-the-job training (OJT) where employees learn through doing actual tasks and taking on challenges. As a supplement to this, a variety of off-the-job training (Off-JT) programs are offered in the form of strengthening/support programs, training sessions and more. By combining OJT and Off-JT with job rotation, we carry out effective personnel development in an environment that encourages employees to maximize their potential.

Sumitomo Pharma has also introduced a self-reporting system to motivate employees to take the initiative in their work. The primary purpose of the self-reporting system is to help supervisors understand the circumstances, issues and preferences of each employee they supervise, while considering their long-term career and skills development. Supervisors hold face-to-face meetings with individual employees based on their self-reports, providing them with the opportunity to focus on their future in the Company and to reevaluate their resolve, interests and aspirations. Supervisors reflect on the Company's training policies and day-to-day duties of employee they supervise and, by linking this to OJT and Off-JT, support the growth of individual employees.

| Training System

Sumitomo Pharma's training system consists of grade-specific training for department heads, managers, and general employees, selected employees training aimed at developing digital human resources, leaders, and global human

resources, and training for all employees, including career development and self-improvement. In addition to grooming next-generation leaders, we focus on developing global human resources and human resources capable of leveraging digital transformation in line with the globalization of our business and the digitalization of society.



SMP Academy, Training for Selected Employees

To groom future leaders and management members, we established in July 2016 the SMP Academy, a training program for selected employees. Consisting of the Management Course and the A1, A2, and A3 courses, it provides learning opportunities for young, middle-rank, and managerial employees who have a desire to improve themselves and their potential. A total of 482 employees have participated in this training program over six years, from fiscal 2016 to 2021. In the year-long program, participants develop a comprehensive view of business from a higher perspective and the imagination to create new value through the instruction provided by external lecturers and members of the management team. About half of the current department heads and those in higher positions have completed the program at the SMP Academy. Considering the human resources portfolio for the Group, we plan to review and update the training program to incorporate global management components.

Since April 2020, due to the impact of COVID-19, all training has been moved to an online format. Training content relevant to our current era and the changes taking place was also incorporated, such as switching to lessons that instruct participants on proposing and executing business models for the digital age. The HR Strategy Meeting plays a major role in this development and selection of the next generation of leaders. The HR Strategy Meeting, which consists of all the Directors except Outside Directors, some of the Executive Officers together with division heads as necessary, has been held monthly with over one hundred meetings during the past ten years. At these meetings, we monitor our human resources strategy appropriately by discussing the alignment of our human resource policies with our business strategy and the selection and development of the next generation of leaders. In addition, at each meeting, human resource-related important issues are also discussed from time to time, such as work style innovation, diversity and inclusion.

We aim to develop professional employees able to produce results by continuing to promote company-wide training programs for increasing individual skills.



Developing Global Human Resources

Sumitomo Pharma is committed to developing global human resources who can fulfill management responsibilities overseas in the future by providing opportunities to enhance English proficiency and sending employees to overseas subsidiaries or educational or research institutions. In addition to selective English proficiency training, we have offered e-learning programs since fiscal 2020 and provided employees with quarterly opportunities to take the TOEIC test with the goal of enhancing English proficiency across the Group. To expand a pool of global human resources going forward, we plan to link the selective training program for global human resources with the SMP Academy, update various English proficiency training programs, and consider and offer new programs.

Fostering Professionals for Achieving New Value Creation and Operational Reform via DX

In August 2021, we launched DX training aimed at developing 100 data scientists ^{*1}. We have created courses that include e-learning programs for all employees and managers and that aim to give individuals a higher level working knowledge of data science. We plan to have 100 citizen data scientists ^{*2} by fiscal 2024 and 150 citizen developers ^{*3} by fiscal 2027. Making effective use of a range of data, we will strive to swiftly develop digitally capable professionals who can address a variety of issues.

^{*1} Based on "Skill Checklist Ver. 3.01" by the Japan Data Scientist Society

^{*2} Personnel initiating data-driven value creation

^{*3} Personnel capable of autonomously increasing operational efficiency at the workplace

Introduction of the Self-Improvement Support Program

As part of our business skill improvement program for our employees, we introduced the correspondence education course GLOBIS Unlimited (Japanese version). We pay part of the course fees to support employees' self-improvement efforts to enhance their own employability.

Going forward, we will brush up our various programs to strengthen employees' English language skills and consider and implement new programs in order to further increase the number of employees who can play active roles globally.

Career Design Training (Promoting the Self-Career Dock)

In January 2021, Sumitomo Pharma started the self-career dock to help employees make autonomous career decisions. The self-career dock provides employees with career information and offers career design training as an opportunity for them to take stock of their experiences and think about their future careers. We also have in-house career consultants with national qualifications, whom employees can turn to for career-related advice whenever necessary. In fiscal 2022, about 200 consultations were conducted by these consultants. Through the self-career dock, we will continue to provide employees with an environment where they can learn, think, and ask for advice about their careers.

Talent Management for Strategically Placing Employees and Promoting Human Resource Development

In order to centrally record and manage the skills (knowledge and experience) and competence (abilities and qualifications) of each employee (talent), as well as maximize the performance of our employees, we introduced a talent management system in April 2018. By leveraging this system, we encourage employees to proactively plan their career paths, fostering self-driven self-improvement. Additionally, we aim to achieve "talent development" and "appropriate personnel placement" by collaboratively planning tailored development plans with employees and their supervisors, ultimately aiming to maximize results.

In fiscal 2019, we introduced a many-sided diagnosis system. It is based on the belief that in order to further enhance the management skills of officers, it is important to objectively identify the characteristics of the officers and increase their trust and credibility among the people around them, including their supervisors and the employees they supervise.

In fiscal 2020, we undertook people analytics based on the information accumulated, and we searched for factors that contribute to individual growth and employee engagement.

Going forward, we will promote initiatives aimed at realizing human resource measures that accelerate employee growth by utilizing analytical data for human resource management and maximize organizational results.

Developing Human Resources through Application of Research Project System

We have a Research Project System to accelerate the development of innovative pharmaceutical products. Under this system, enthusiastic researchers proposing research themes lead their research projects from start to finish as the project leaders. This system gives each project leader, regardless of their age and experience, the power to execute the budget and assess the project members and allows them to manage the project at their discretion, helping us produce better results and develop human resources. So far, eight products developed under this Research Project System have advanced to clinical study, and there are currently more than 15 ongoing research projects. Since the start of the system, there have been about 30 research project leaders.

| Training for Medical Representatives

Sumitomo Pharma provides training for medical representatives (MR) with the aim of nurturing MRs who can work with healthcare professionals and help solve the issues with which they are confronted. OJT serves as the basis of our approach to MR training and we encourage them to be self-disciplined and independent. Those with less than three years of experience are considered young MRs in development and go through a training program entitled "Sumitomo Pharma—MR Basic Program." MRs attain, from various perspectives, knowledge and skills needed to do their jobs with excellence.

Furthermore, to meet needs arising on the medical frontlines, all MRs participate in ongoing training to ensure they acquire the latest medical information. We have also made available various tools for self-study, thereby providing an extensive training system to develop professional MRs that can contribute meaningfully to the medical community.

| Instilling the Group Philosophy and CHANTO

The Sumitomo Pharma Group has established the Mid-/Long-Term Corporate Strategies, which consist of the Material Issues, the Vision, and the Mid-term Business Plan 2027. "CHANTO," our commitment to continuously delivering innovation and contributing to a healthy life by "achieving" ambitious goals, is essential to supporting our Mid-/Long-Term Corporate Strategies, including the Material Issues, and establishing ourselves as a Global Specialized Player (GSP). We will therefore promote the instillation of CHANTO as well as the Group Philosophy in the Group.

Promotion of Project CHANTO

For Sumitomo Pharma to keep up with changes in its business environment and establish its position as a GSP by 2033, we believe that every employee needs to continue the practice of CHANTO, performing their duties based on the spirit of CHANTO. For this reason, we initiated Project CHANTO in February 2020.

Project CHANTO has put elements essential to the practice of CHANTO into the Five Conduct Guidelines, with the aim of encouraging employees to change their mindset and behavior and helping individuals and organizations achieve better results.

Five Conduct Guidelines

- 1 Goal-oriented, take as one's own issues, and follow through

- 2 Show courage to meet challenges
- 3 Self-disciplined, independent and exert individual abilities
- 4 Respect each other and collaborate with peers
- 5 Continue to cherish diligence and integrity



CHANTO
In this era when we seek sustained growth
Each of us must challenge ourselves

We must drive in our stakes to anchor ourselves
And pave the way forward

Supporting and encouraging each other
As we aim for the summit together

Everyone together no matter what our role

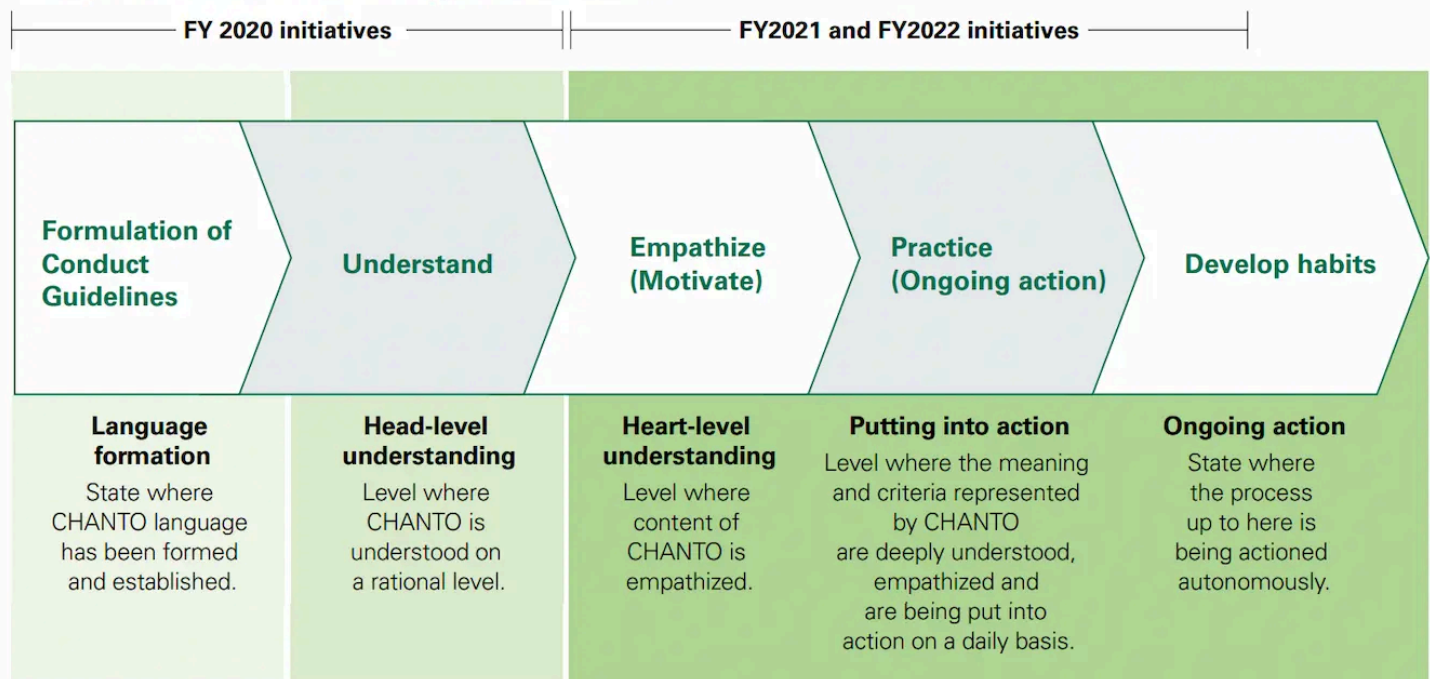
We each climb with our own strength
To realize the future we envision

For the benefit of society and patients worldwide

Key visual and key message expressing CHANTO

For the purpose of instilling the Five Conduct Guidelines, which are essential for practicing CHANTO, we have been promoting our efforts, led by navigators ^{*4} chosen from each workplace, to make CHANTO something that employees take ownership of in an environment where employees can enjoy working on it. To date, these efforts led by navigators have successfully raised employees' understanding of and empathy with CHANTO and have contributed to instilling CHANTO in many workplaces. To lead this change and grow the momentum to achieve better results, we will continue our efforts to make the conduct guidelines a habit.

The process of instilling CHANTO



In April 2022, we reviewed our personnel evaluation system. We incorporated the "CHANTO" Conduct Guidelines as an evaluation factor. This system can especially evaluate those who "show courage to meet challenges."

Our aim in instilling CHANTO is to get every workplace to work towards ambitious goals and deliver results, but there is too much variation among individuals with respect to what "ambitious goal" means. To improve this situation, every workplace will aim to establish a position as a GSP by 2033 and discuss where they want to be by then, taking ownership of getting there. Meanwhile, we will get all employees on the same page and foster a culture focused on delivering the highest performance.

*4 Employees selected with the criteria that they are non-managerial staff, exhibit leadership, and seem able to draw in their colleagues in a fun way.