Table of Material Issues and KPIs

Material Issues	Targets	KPIs	Targets of KPIs (#. Targets of KPI for Sumitomo Pharma non-consolidated)	Fiscal 2023 Results	
Development of innovative products and healthcare solutions 	Support the betterment of healthcare and fuller lives of people worldwide by continually creating innovative products and healthcare solutions that respond to diverse medical needs, including predictive, preventive, personalized, and patient-participated medicine (i.e., solutions that enable optimization of the conventional therapeutic systems and radical cures), as we always stay close to patients	1. Number of products launched	Target number of products launched from fiscal 2023 to fiscal 2027 • Psychiatry & Neurology: 7 products (including 2 regenerative medicine/cell therapy and 4 non-pharmaceutical solutions) • Oncology: 2 products • Others: 3 products (including 1 non-pharmaceutical solutions)	• Psychiatry & Neurology: 0 products • Oncology: 0 products • Others: 0 products	**<Psychiatry & Neurology area>** **(Pharmaceutical)** • ulotaront: Phase 3 study (US) primary endpoint not met in schizophrenia study and Phase 2/3 study (JP/CN) for schizophrenia were discontinued. • SEP-4199: The international Phase 3 study for bipolar I depression was discontinued. • EPI-589: Development was discontinued (Phase 2 (US and JP) for amyotrophic lateral sclerosis (ALS)) **(Regenerative medicine/cell therapy)** • CT1-DAP001/DSP-1083: Phase 1/2 study (investigator-initiated study) for Parkinson's disease in preparation for launch (JP: fiscal 2024) was completed; We have started Phase 1/2 of investigator-initiated study and company-sponsored clinical study in the US. • HLCR011: We have started Phase 1/2 study for retinal pigment epithelium tear in preparation for launch (JP: fiscal 2028). **(Non-pharmaceutical)** • MELTz®: Product development is under way for "MELTz® Portable" utilizing a small robot using myoelectric signals for disorders such as hand finger paralysis in preparation for launch (JP: fiscal 2025). • BVR-100 (content for VR): We are preparing a clinical study for social anxiety disorder in preparation for launch (US: fiscal 2026). • Wearable EEG meter: Product development is under way for depression in preparation for launch (JP: fiscal 2025). **<Oncology area>** **(Pharmaceutical)** • enzomenib / DSP-5336: We are conducting a Phase 1/2 study for acute myeloid leukemia in preparation for launch (US, JP: fiscal 2026). • nuvisertib / TP-3654: We are conducting a Phase 1/2 study for myelofibrosis in preparation for launch (US, JP: fiscal 2027). **<Other areas>** **(Pharmaceutical)** • GEMTESA®, overactive bladder (OAB) treatment agent: We have submitted sNDA for overactive bladder in men with benign prostatic hyperplasia in February 2024 (US: additional indication in fiscal 2024).We are conducting Phase 3 study for overactive bladder in preparation for launch (CN: fiscal 2027). • rodatristat ethyl: Primary endpoint was not achieved in Phase 2b study for pulmonary arterial hypertension conducted in preparation for launch (US: fiscal 2027), and the development was discontinued. • lefamulin: We obtained an approval for import registration of tablets and injections for community acquired pneumonia in China (CN: November 2023); We are preparing application for domestic production in China.
		2. Number of products in the development pipeline	Number of products that have achieved phase transition from fiscal 2023 to fiscal 2027 • Phase 3 transition: 4 products • Phase 2 transition: 6 products • Start of corporate clinical studies for regenerative medicine/cell therapy: 5 products • Start of corporate clinical studies for DTx: 5 products	• Phase 3 transition: 0 products • Phase 2 transition: 0 products • Start of corporate clinical studies for regenerative medicine/cell therapy: 2 products • Start of corporate clinical studies for DTx: 0 products	
		3. Work motivation of research & development staff	• Use SMP Opinion*1 to maintain/increase their satisfaction*2 with work motivation # *1. Company-wide questionnaire using Qualtrics Employee XM by Qualtrics, Inc. *2. Average score out of 5 points in the research & development departments.	• Authority/discretion: 3.6 (3.9) • CSR: 4.0 (4.1) • Growth opportunities: 3.4 (3.8) • Work appropriateness: 3.7 (3.9) Figures in parentheses are actual results in fiscal 2022.	We conducted the following initiatives at our research and development departments (Regenerative & Cellular Medicine Office, Regenerative & Cellular Medicine Kobe Center, Regenerative & Cellular Medicine Manufacturing Plant, Frontier Business Office, Drug Research Division, Drug Development Division, and Technology Research & Development Division) • We reviewed the clinical studies at the Drug Development Division. • We conducted selective training for fostering talents willing to take on challenges • We conducted monthly monitoring of engagement scores and individual follow-ups. • We established and operationalized KPIs related to global human resources and challenging culture.
Stable supply of high-quality pharmaceutical products 	Continuously work to nurture a quality-oriented culture and, under the appropriate quality assurance and manufacturing and quality management, build a resilient supply chain through cooperation with our plants and business partners, thus realizing the stable supply of highquality products. Work on product design, quality management, and development of efficient processes with the entire product life cycle of diverse modalities in mind, thus providing new value to patients	1. Findings subject to administrative action in regulatory inspections related to our products	• 0	• 0	•Our own manufacturing plants: Quality Management and Manufacturing Management personnel visited the plant to ensure that preparations and appropriate inspection responses are carried out in cooperation with the plant. •Our contract manufacturing plants: Quality Management personnel periodically checked the GMP management status, and when the manufacturing plant is inspected, he/she followed up by visiting the plant as necessary.
		2. Number of product recalls	• 0 in any year	• 0	• We conducted the annual checks, annual stability tests, and risk assessments on all our products.
		3. Investment in new manufacturing/ quality technologies	• Number of new technology investments of ¥10 million or over: at least 5 each year	• 12	• Related to pharmaceuticals: 3 • Related to regenerative medicine/cell therapy: 9
		Important notes #		Due to higher sales performance of TWYMEEG® than the demand forecast, partial shipments were implemented in April 2023. Regular shipments resumed in December of the same year. The following measures were taken: • Information Provision Activities: Sales & Marketing Division engaged in diligent information provision activities to supply the medication to patients and provide reliable information to healthcare professionals. • Production Capacity Enhancement: To resume regular shipments, a 24-hour production system was implemented at the Suzuka Plant, along with the strengthening of appropriate active pharmaceutical ingredient production facilities. • Collaboration Strengthening: Further collaboration and reinforcement of coordination among Manufacturing Division, Sales & Marketing Division, and relevant departments were carried out, with a focus on preventing recurrence of similar incidents.	

Table of Material Issues and KPIs

Material Issues	Targets	KPIs	Targets of KPIs (#. Targets of KPI for Sumitomo Pharma non-consolidated)	Fiscal 2023 Results	
Provision of high-quality product information and promotion of proper use 	Provide information on the safety and efficacy of our products based on scientific objectivity and ethics in a way that best suits target customer groups, in an effort to ensure that healthcare professionals, patients, and their families can always use our products with confidence and peace of mind. At the same time, gather information on the safety of our products accountably to ensure the safety of patients	1. Assessment by doctors in focus areas	• Rated number one in the focus areas of diabetes and schizophrenia in our own survey conducted by an external organization #	• Diabetes : 3rd • Schizophrenia : 2nd (As of February 2024)	**<Diabetes>** • We promoted activities aimed at total diabetes care using Equa®, EquMet®, and METGLUCO®. • We gave academic presentations on diabetes treatment in coordination with external organizations. **<Schizophrenia>** • We conducted promotional activities for LATUDA® and LONASEN® Tape, addressing the treatment challenges faced by physicians. • We organized seminars aimed at resolving issues in the field of psychiatry, such as Shared Decision Making (SDM).
		2. Ensure appropriateness of sales information provision activities	• Number of guidance from the Ministry of Health, Labour and Welfare's monitoring program for sales information provision activities: 0 in any year #	• 0	• We carefully examined the contents of the monitoring business report for fiscal year 2022 and made efforts to ensure the thorough implementation of information provision regarding the Risk Management Plan (RMP). • In fiscal year 2023, we did not receive any remarks from the monitoring business regarding the sales promotion activities, which contributed to appropriate sales information provision.
		3. Education on safety information collection	• At least four times a year for MRs and once a year for all employees to raise employee awareness of safety information collection # • Number of delayed adverse drug reaction reports to regulatory authorities: 0 #	• Number of training in collecting safety information actually conducted For MRs: 6 times For all employees: once • Number of delayed adverse drug reaction reports to regulatory authorities: 0	
		4. Education on harmful incident concerning pharmaceuticals	• Annual educational program for all employees to form and maintain a mindset that does not cause harmful incident concerning pharmaceuticals	• We educated all employees about harmful incidents concerning pharmaceuticals.	
Improving access to medicines and advocacy 	Attempt to improve access to medicines by promoting disease awareness from patient-centered perspectives, which is expected to reduce illness stigma and facilitate early treatment, and by working to lessen a drug lag, which will increase treatment options for patients. Contribute to the betterment of the healthcare system in countries/regions that struggle with equal access to necessary healthcare, by developing healthcare professionals, raising awareness of the public, and making policy recommendations through collaboration with the industry, governments, and NPOs/NGOs	1. Further increase in health literacy of the public, including patients	• Number of public lecture participants by fiscal 2027 cumulative total of 10,000 since fiscal 2023 # • Total annual visits to schizophrenia and bipolar disorder disease awareness website (Kokoro Share) 40% increase over fiscal 2022 by fiscal 2027 #	• Public Lectures: 5,202 participants • "Kokoro Share" visit: 4.9% decrease compared to fiscal 2022	**<Public lectures>** • We held 11 lectures in the area of psychiatric disorders, 14 lectures related to Parkinson's disease and dementia with lewy bodies, and 4 lectures in the area of diabetes. • Enhanced dissemination methods (establishing new web pages, strengthening collaboration with local authorities) and initiated archive distribution. **<Kokoro Share>** • We published new content (key points for continued employment and interviews with individuals involved).
		2. Number of products, and policy recommendations contributing to access to medicines	• Responding to requests for development of unapproved and off label drugs of high medical necessity # • Continued participation in policy recommendations #	• Number of responses to requests for the development of unapproved and off-label uses of drugs: 1 • Number of policy recommendations: 27	**<Responses to requests for the development of unapproved and off-label drugs>** • RETHIO®: We are responding to a request for the development for "central nervous system lymphoma (including central nervous system infiltration in primary and other lymphoma) .**<Number of policy recommendations>** • Recommendations related to access to medicines: 13 • Recommendations related to infectious diseases: 14
		3. Number of partnerships contributing to improvement in healthcare access in developing countries	• Constantly two or more	• 5 in total	Continued with the following partnerships: • Access Accelerated • WELCO Lab • PATH AMR Network • The health support project for mothers and children in Cambodia • Antimicrobial susceptibility surveillance study in Vietnam

Table of Material Issues and KPIs

Material Issues	Targets	KPIs	Targets of KPIs (#. Targets of KPI for Sumitomo Pharma non-consolidated)	Fiscal 2023 Results	
Expansion of human capital and instillment of corporate culture 	Consider employees' knowledge and potential as "capital" to invest in them and instill corporate culture linked to the provision of value, thus realizing sustained enhancement of corporate value	1. Employee engagement scores	• Maintain/improve engagement scores in SMP Opinion*1 # • Lower the percentage of departments whose engagement scores are less than 63%*2 # *1. Company-wide engagement survey using the Qualitrics Employee XM by Qualtrics, Inc. *2. Average engagement score of Japanese companies benchmarked by Qualtrics, Inc.	• Engagement score: 61% (68%) • Percentage of departments whose engagement scores are less than 63%: 56% (24%) * Percentage of positive responses to engagement questions answered on a 5-point scale. Figures in parentheses are actual results in fiscal 2022.	• We held a Director Caravan (lectures and panel discussions by directors) to address two challenges identified in results of SMP Opinion: "trust in management" and "penetration of strategy". • We analyzed the results of SMP Opinion and implemented initiatives tailored to each organization.
		2. Percentage of female managers	• Increase the percentage to 20% or more by fiscal 2027 #	• 13.7% (14.4%) Figures in parentheses are actual results in fiscal 2022.	• The number of female managers has decreased due to resignations and transfers, and is lower than last year. • We are increasingly focusing on training candidates for the next generation of female managers.
		3. Number of participants in selective training	• 80 every year #	• SMP Academy 72	• We held the SMP Academy, which provided a systematic learning experience in essential management skills for leaders and training in business model development and execution in the digital age.
		4. Number of career consultations	• 200 every year #	• Approximately 200	• We conducted career interviews for employees by in-house career consultants with national qualifications. • We provided information on careers and career development training.
		5. Number of digital experts and data scientists	• 100 citizen data scientists by fiscal 2024 # • 150 citizen developers by fiscal 2027 #	• Citizen data scientists: approximately 90 • Citizen developers: approximately 25	• Citizen data scientists: We conducted open application-based training. We conducted the second annual questionnaire survey to understand the status of activities of those who had completed the training. • Citizen developers: We increased self-learning content and established governance guidelines and operating rules.
		6. Amount of investment in HR development	• Maintain the amount of investment per person #	(Not for disclosure)	**<Company-wide>** • We provided personal development and selected employees training based on the training system chart. • We provided optional training for self-improvement to enable employees to make autonomous career decisions. **<Each department>** • We implemented a specialized talent development program focusing on expertise.
		7. Instillment of CHANTO	• Implement measures that contribute to changing the behavior of employees in order to establish the position as GSP #	• We promoted the penetration of CHANTO among Sumitomo Pharma Group through the "SMP Communication Summit"". • We held CHANTO Sharing, an initiative to share across the company realizations from workplaces recommended by directors in charge, which were identified through a year of CHANTO practice at each workplace. *A meeting launched as a platform to promote sustainability management across the Sumitomo Pharma Group.	
Respect for human rights 	Identify human rights risks throughout the Group's business activities to prevent and mitigate them while asking business partners and other parties concerned to understand and support such initiatives, thus respecting human rights throughout the value chain	1. Implementation of human rights education and training (including e-learning) for all employees	• Implement education and training at least once a year to instill the human rights policy and raise awareness of human rights	• For new employee training: once (Business and human rights, in-person) • For all employees training in accordance with human rights week in December: once (Business and human rights, human rights due diligence, e-learning) • For all employees Harassment training: once (sexual harassment and power harassment, in-person)	
		2. Implementation of human rights due diligence in the value chain, including business activities of each Group company	• Increase in cumulative number of due diligence and outreach to key business partners • Realization of zero occurrence of serious human rights violations	• Number of comprehensive risk assessments carried out for Sumitomo Pharma and our Group Companies: 11 • Number of sustainability assessments carried out for business partners (including human rights risk assessments): 10 • Number of serious human rights violations: 0	
Promotion of environmental initiatives 	Conserve the global environment, which serves as the foundation for health of people worldwide, by working to prevent environmental pollution, mitigate climate change, and circulate resources, to hand it over to future generations	1. Greenhouse gas (GHG) emissions (Scope 1+2)	• Reduce GHG emissions (Scope 1+2) to zero by fiscal 2050 • Reduce GHG emissions (Scope 1+2) by 42% vs. fiscal 2020 by fiscal 2030	• Reduced by 26% from fiscal 2020	• We continued to make planned carbon neutral investments (capital investments that contributed to energy conservation and CO_2 reduction). • Fiscal 2030 GHG emissions (Scope 1+2) reduction target approved by the SBT initiative (1.5˚C).
		2. Water withdrawal	• Reduce water withdrawal by 12% vs. fiscal 2018 by fiscal 2030	• Reduced by 2% from fiscal 2018	• Water consumption increased from the previous year due to increased production volume. • We implemented initiatives to reduce water consumption, such as adjusting air conditioning operation, reviewing cleaning processes, and promoting daily water-saving actions.
		3. Recycling rate of waste	• Maintain the recycling rate at 80% or higher and increase the rate to 85% or higher by fiscal 2030 #	• 83%	• We shifted from thermal recycling to material recycling of PTP sheets. • We sold unused research equipment to recycling companies, making it valuable.
		4. Final disposal rate of waste	• Maintain the final disposal rate below 1% and lower the rate to below 0.5% by fiscal 2030 #	• 0.1%	• We promoted recycling, and discussed and selected disposal methods and companies to minimize final disposal.

Table of Material Issues and KPIs

Material Issues	Targets	KPIs	Targets of KPIs (#. Targets of KPI for Sumitomo Pharma non-consolidated)	Fiscal 2023 Results	
Enhancement of corporate governance 	Strive to achieve sustained growth and enhance corporate value by continuously seeking to build a highly effective corporate governance system. In so doing, work to further improve the Board of Directors' functions, protect the interests of minority shareholders, and manage Group Companies appropriately	1. Implementing evaluation of the effectiveness of the Board of Directors and working on priority issues based on the evaluation results	• Maintain a good level of quantitative evaluation results in the effectiveness evaluation	• We maintained a good level of quantitative evaluation results in the effectiveness evaluation for fiscal 2023.	• The Board of Directors implemented the following major agendas for fiscal 2023, which were identified as a result of the evaluation of effectiveness for fiscal 2022: "Effective supervision of the execution of resolved matters", "Constructive discussions regarding agendas to be addressed in the medium- to long-term," and "Deepening of discussion regarding issues related to sustainability." • In fiscal 2023, the Company conducted a questionnaire to all the Directors and Audit & Supervisory Board Members from February to March 2024, and based on the analyzed results of answers thereto, opinions were exchanged at the meeting of the Board of Directors held in April 2024. As a result, it was confirmed that there is no major problem to be pointed out with respect to the operation of the Board of Directors in fiscal 2023 and the effectiveness of the Board of Directors of the Company has been ensured in general. On the other hand, they unanimously recognized that, although there was a sincere effort to address the key issues for fiscal 2023, there is still room for improvement.
		2. Strengthening of Group governance	• Rebuild a group governance system, including the streamlined North American Group Companies	• We completed the reorganization of our Group Companies in North America. • We established the Global Management Committee and reorganized the R&D decision-making body. • We established rules and regulations for the aforementioned R&D decision-making body.	• We founded Sumitomo Pharma America, Inc. in July 2023. • We started operating the Global Management Committee in July 2023. • We completed the corporate rules and regulations in July 2023.
		3. Conducting appropriate transactions between Group Companies with consideration to protecting the interests of minority shareholders	• The Supervisory Committee for Conflict of Interests in Transactions between Group Companies meets not only periodically (once a year) but also on an as-needed basis	• We held four meetings of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies.	• Reorganization of production bases (integrating part of Oita Plant with the production facility of Sumitomo Chemical Co., Ltd.). • Consignment of debt guarantees to Sumitomo Chemical Co., Ltd.
Strengthening of risk management 	Develop/promote a risk management system capable of appropriately responding to risks that could seriously impact business activities, by building an effective BCP and strengthening information security	1. Implementing risk assessment and implementing appropriate countermeasures based on assessment results	• All departments implement risk assessments every fiscal year	• All the departments of domestic and overseas Group Companies implemented risk assessments and took measures based on the risk assessment results.	
		2. Rebuilding and implementing of training and drills of business continuity management (BCM) and business continuity plans (BCPs)	• Provide education and training at departments with priority operations and update BCP at least once a year #	• We updated the business continuity plans (BCPs) of each division, department, and domestic group company that were formulated in fiscal 2022 and conducted BCP training. • We reviewed and revised the selection criteria for priority products with the Manufacturing Division, and confirmed the status of supplier management at Manufacturing Management. • We launched a disaster portal site "Disaster Preparedness/Risk info" as a bulletin board for information on corporate rules regarding BCM (risk assessment, emergency response, and business continuity), document management, and disaster preparedness/risk to disseminate information while managing manuals and documents. • We are currently preparing for BCP formulation in Asia and China. • We obtained the resilience certification.	
		3. Provision of education and training for proper information management	• Provide necessary education and training at least once a year for enhancement of knowledge and awareness concerning information management	• We conducted information management training (group training) for new employees. • We conducted information management training (e-learning) for all officers and employees.	
		4. Events that have a significant impact on business activities	• Number of serious accidents: 0 in any year • Number of serious information leaks and other incidents: 0 in any year • Number of serious information technology security incidents: 0 in any year	• Number of serious accidents: 0 • Number of serious information leaks and other incidents: 0 • Number of serious information technology security incidents: 0	• We continuously provided IT security education and training in handling of spear phishing.
Pursuing compliance 	Strive to nurture a mindset in everyone that urges them to unflinchingly seek consultation when in doubt about education and training designed to keep high awareness of compliance high or compliance itself and, as a member of the life science industry that requires high ethical standards, conduct transparent and fair corporate activities with a strong commitment to ethical behavior, thus further consolidating trust of stakeholders	1. Implementation of compliance education and training	• Provide training designed to enhance the latest knowledge and raise compliance awareness at least once a year	• Grade-specific training: We conducted training for new employees (including mid-career hires) and training for managers who have been promoted. • Theme-based training: We conducted training in the Antimonopoly Act, initiatives to enhance compliance, information management, respect for human rights, export control, and systems to adhere to pharmaceutical and medical device regulations.	
		2. Level of awareness and understanding of the whistle-blowing system	• Awareness: Maintain current level # • Understanding: Increase to the same level as awareness by fiscal 2027 #	• Awareness: 98% (98%) • Understanding: 80% (78%) Figures in parentheses are actual results in fiscal 2022.	
		3. Number of serious compliance violations	• 0 in any year	• 0	