

Table of Material Issues and KPIs



Material Issues	Targets	KPIs	Targets of KPIs (#. Targets of KPI for Sumitomo Pharma non-consolidated)	Fiscal 2022 result		
 <p>Development of innovative products and healthcare solutions</p>	<p>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-engaged medicine (i.e., solutions that enable optimization of the conventional therapeutic systems and radical cures), as we always stay close to patients</p>	1. Number of products launched	<p>Target number of products launched from fiscal 2023 to fiscal 2027</p> <ul style="list-style-type: none"> 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) 	<p><Psychiatry & Neurology area> (Pharmaceutical) ulotaront: We are conducting a Phase 3 study (US) and Phase 2/3 studies (JP, CN) for schizophrenia in preparation for launch (US: fiscal 2024, JP: fiscal 2027). (Regenerative medicine/cell therapy) DSP-1083: We are conducting Phase 1/2 (investigator-initiated study) for Parkinson's disease in preparation for launch (JP: fiscal 2024)*. HLCR011: We are preparing clinical studies for retinal pigment epithelium tear in preparation for launch (JP: fiscal 2025)*. (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 2024). Violet light: Product development is under way for depression and dementia in preparation for launch (JP fiscal 2025). <Oncology area> DSP-5336: We are conducting a Phase 1/2 study for acute myeloid leukemia in preparation for launch (US: fiscal 2026, JP: fiscal 2027). TP-3654: We are applying a Phase 1/2 study for myelofibrosis in preparation for launch (US fiscal 2027). <Other areas> (Pharmaceutical) GEMTESA®, overactive bladder (OAB) treatment agent: We are conducting a Phase 3 study for overactive bladder accompanied by benign prostatic hyperplasia (US: additional indication in fiscal 2025), and for launch for overactive bladder (CN: fiscal 2027). rodatristat ethyl: We are conducting a Phase 2 study for pulmonary arterial hypertension in preparation for launch (US: fiscal 2027). lefamulin: We are applying for approval for bacterial community acquired pneumonia (CN: fiscal 2024). (Non-pharmaceutical) Automated blood collection/stabilization device: Product development is under way for self-management solutions for metabolic diseases in preparation for launch (JP: fiscal 2023). Please refer to the following websites for the latest information on the development pipeline. https://www.sumitomo-pharma.com/rd/pipeline_new-medicine/pipeline.html https://www.sumitomo-pharma.com/rd/frontier/ * Launch schedule is based on our goal pending agreement with partners</p>		
		2. Number of products in the development pipeline	<p>Number of products that have achieved phase transition from fiscal 2023 to fiscal 2027</p> <ul style="list-style-type: none"> 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 	<p>Use SMP Opinion*1 to maintain/increase their satisfaction*2 with work motivation#</p> <p>*1. Company-wide questionnaire using Qualtrics Employee XM by Qualtrics, Inc. *2. Average score out of 5 points in the research & development departments</p>	<ul style="list-style-type: none"> Authority/discretion 3.9 CSR 4.1 Growth opportunities 3.8 Work appropriateness 3.9 	<p>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).</p> <ul style="list-style-type: none"> We conducted selective training for fostering talents willing to take on challenges. We encouraged employees to take on challenges by incorporating challenging objectives into individual job goals. We provided growth opportunities through the evaluation of departmental policies involving leaders of the next generation. We provided growth opportunities through experiences of serving as a leader under the Research Project System. We strengthened collaboration and cultivated a cohesive culture through departmental and cross-functional initiatives that encouraged interaction among diverse team members. We held presentation sessions for sharing achievements in order to increase employees' motivation and expertise.
		3. Work motivation of research & development staff				
 <p>Stable supply of high-quality pharmaceutical products</p>	<p>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 high-quality 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</p>	1. Findings subject to administrative action in regulatory inspections related to our products	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 0 	<p>We conducted audits and periodic reviews of management status at contractors' plants, from the perspective of risks of being pointed out as issues.</p>	
		2. Number of product recalls	<ul style="list-style-type: none"> 0 in any year 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 0 	<p>We conducted the annual checks, annual stability tests, and risk assessments on all our products.</p>
		3. Investment in new manufacturing/ quality technologies	<ul style="list-style-type: none"> Number of new technology investments of ¥10 million or over: at least 5 each year 	<ul style="list-style-type: none"> 17 	<p>Related to pharmaceuticals: 9 Related to regenerative medicine/cell therapy: 8</p>	

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 <p>Provision of high-quality product information and promotion of proper use</p>	<p>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.</p> <p>At the same time, gather information on the safety of our products accountably to ensure the safety of patients</p>	1. Assessment by doctors in focus areas	<ul style="list-style-type: none"> Rated number one in the focus areas of diabetes and schizophrenia in our own survey conducted by an external organization# 	<ul style="list-style-type: none"> Diabetes : 3rd Schizophrenia : 2nd (As of March 2023) <p><Diabetes area></p> <ul style="list-style-type: none"> We carried out information provision activities for TWYMEEG®, a new mechanism of action. We gave academic presentations on diabetes treatment in coordination with external organizations. <p><Schizophrenia></p> <ul style="list-style-type: none"> We carried out information provision activities for LATUDA®, an atypical antipsychotic, and LONASEN® Tape, an antipsychotic, both of which are new products.
		2. Ensure appropriateness of sales information provision activities	<ul style="list-style-type: none"> Number of guidance from the Ministry of Health, Labour and Welfare's monitoring program for sales information provision activities: 0 in any year# 	<ul style="list-style-type: none"> 0 (data for fiscal 2021) Due to the timing of data collection and aggregation, the data for fiscal 2021 is the latest available. <p><Schizophrenia></p> <ul style="list-style-type: none"> We conducted training to prevent inappropriate provision of information at lectures and other events. We provided training on risks that may be pointed out prior to the use of newly developed materials. We provided individual guidance on cases that were not initially identified as non-compliant with internal standards but had the potential risk for scrutiny, and shared these cases with relevant departments for awareness and education purposes. We shared, and conducted training on, cases of other companies identified through the monitoring program.
		3. Education on safety information collection	<ul style="list-style-type: none"> 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# 	<ul style="list-style-type: none"> Number of training in collecting safety information actually conducted For MRs: 7 times For all employees: once Number of delayed adverse drug reaction reports to regulatory authorities: 0#
		4. Education on harmful incident concerning pharmaceuticals	<ul style="list-style-type: none"> Annual educational program for all employees to form and maintain a mindset that does not cause harmful incident concerning pharmaceuticals 	<ul style="list-style-type: none"> We educated all employees about harmful incidents concerning pharmaceuticals.
 <p>Improving access to medicines and advocacy</p>	<p>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.</p> <p>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</p>	1. Further increase in health literacy of the public, including patients	<ul style="list-style-type: none"> 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# 	<ul style="list-style-type: none"> Number of public lecture participants: 1,779 For the number of visitors to the website, we will disclose a rate of increase or decrease in the number of visitors from fiscal 2022 in fiscal 2023 or later. <p><Public lectures></p> <ul style="list-style-type: none"> We held 18 public lectures related to Parkinson's disease and dementia with lewy bodies, 9 lectures in the area of diabetes, and 2 lectures in the area of psychiatric disorders, either online or in a hybrid format (combining in-person and online participation). We conducted surveys of the participants to assess their needs and levels of satisfaction and comprehension of the lecture. <p><Kokoro Share></p> <ul style="list-style-type: none"> We published new content (Work Consultation Checklist). We prepared new content (key points for continued employment and interviews with individuals involved), scheduled for publication in fiscal 2023.
		2. Number of products, and policy recommendations contributing to access to medicines	<ul style="list-style-type: none"> Responding to requests for development of unapproved and off label drugs of high medical necessity# Continued participation in policy recommendations# 	<ul style="list-style-type: none"> Number of responses to requests for the development of unapproved and off-label drugs: 2 Number of policy recommendations: 16 <p><Responses to requests for the development of unapproved and off-label drugs></p> <ul style="list-style-type: none"> METGLUCO®: We obtained approval in September 2022 for partial changes to "indications or effects" as well as "dosage and administration" in response to the development request for "Ovulation Induction in Polycystic Ovary Syndrome" and "Regulated Ovarian Stimulation in Assisted Reproductive Technology for Polycystic Ovary Syndrome." 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). <p><Number of policy recommendations></p> <ul style="list-style-type: none"> Recommendations related to access to medicines: 6 Recommendations related to infectious diseases: 10
		3. Number of partnerships contributing to improvement in healthcare access in developing countries	<ul style="list-style-type: none"> Constantly two or more 	<ul style="list-style-type: none"> 5 in total <p>Continued with the following partnerships:</p> <ul style="list-style-type: none"> Access Accelerated WELCO Lab PATH AMR Network The health support project for mothers and newborns in Cambodia Drug susceptibility surveillance research in Vietnam

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 <p>Expansion of human capital and instillment of corporate culture</p>	<p>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</p>	1. Employee engagement scores	<ul style="list-style-type: none"> Maintain/improve engagement scores in SMP Opinion*1 Lower the percentage of departments whose engagement scores are less than 63%*2 <p>*1. Company-wide engagement survey using the Qualtrics Employee XM by Qualtrics, Inc. *2. Average engagement score of Japanese companies benchmarked by Qualtrics, Inc.</p>	<ul style="list-style-type: none"> Engagement score: 68%* Percentage of departments whose engagement scores are less than 63%: 24% <p>* Percentage of positive responses to engagement questions answered on a 5-point scale.</p>	<ul style="list-style-type: none"> We modified the engagement survey system to allow all managers to access the results on the cloud, making it easier to identify organizational challenges and consider responses. We analyzed the results of SMP Opinion and implemented initiatives tailored to each organization.
		2. Percentage of female managers	<ul style="list-style-type: none"> Increase the percentage to 20% or more by fiscal 2027 # 	14.40%	<ul style="list-style-type: none"> We conducted female leader training to help women develop leadership skills and become career-oriented. We held a returner seminar for employees returning from maternity leave.
		3. Number of participants in selective training	<ul style="list-style-type: none"> 80 every year # 	SMP Academy 77	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 200 every year # 	Approximately 200	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 100 citizen data scientists by fiscal 2024 # 150 citizen developers by fiscal 2027 # 	<ul style="list-style-type: none"> Citizen data scientists: approximately 60 Citizen developers: approximately 20 	<ul style="list-style-type: none"> Citizen data scientists: We conducted open application-based training. We conducted the first 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/operating rules.
		6. Amount of investment in HR development	<ul style="list-style-type: none"> Maintain the amount of investment per person # 	(Not for disclosure)	<p><Company-wide></p> <ul style="list-style-type: none"> 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. <p><Each department></p> <ul style="list-style-type: none"> We implemented a specialized talent development program focusing on expertise.
		7. Instillment of CHANTO	<ul style="list-style-type: none"> Implement measures that contribute to changing the behavior of employees in order to establish the position as GSP # 	<ul style="list-style-type: none"> We established specific action plans at each of Sumitomo Pharma's workplaces to establish the position of GSP by 2033, with the aim of encouraging behavioral change among employees and developing plans to pursue challenging goals. We established a system that enables autonomous implementation of PDCA for implementing the action plans at each workplace (Implementation will take place in fiscal 2023 or later). 	
 <p>Respect for human rights</p>	<p>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</p>	1. Implementation of human rights education and training (including e-learning) for all employees	<ul style="list-style-type: none"> Implement education and training at least once a year to instill the human rights policy and raise awareness of human rights 	<ul style="list-style-type: none"> We provided e-learning training to all SMP employees on human rights policy and the relationship between business and human rights during Human Rights Week. We provided materials to group companies in Japan. 	
		2. Implementation of human rights due diligence in the value chain, including business activities of each Group company	<ul style="list-style-type: none"> Increase in cumulative number of due diligence and outreach to key business partners Realization of zero occurrence of serious human rights violations 	<ul style="list-style-type: none"> Number of simplified risk assessments carried out for SMP and Group companies: 13 Occurrence of serious human rights violations: 0 	
 <p>Promotion of environmental initiatives</p>	<p>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</p>	1. Greenhouse gas (GHG) emissions (Scope 1+2)	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Reduced by 25% from fiscal 2020 	<ul style="list-style-type: none"> We replaced 100% of electricity purchased for the Suzuka Plant with renewable energy from April 2022. We installed LED lighting in accordance with the long-term plan (at the Oita and Suzuka Plants and other plants).
		2. Water withdrawal	<ul style="list-style-type: none"> Reduce water withdrawal by 12% vs. fiscal 2018 by fiscal 2030 	Reduced by 5%	<ul style="list-style-type: none"> We adjusted the air conditioner running time.
		3. Recycling rate of waste	<ul style="list-style-type: none"> Maintain the recycling rate at 80% or higher and increase the rate to 85% or higher by fiscal 2030# 	72%	<ul style="list-style-type: none"> We carefully separated and sorted waste and engaged a contractor capable of recycling into materials part of waste previously subject to thermal recycling. We sold unused research equipment to recycling companies, making it valuable.
		4. Final disposal rate of waste	<ul style="list-style-type: none"> Maintain the final disposal rate below 1% and lower the rate to below 0.5% by fiscal 2030# 	0.3%	<ul style="list-style-type: none"> We promoted recycling, and discussed and selected disposal methods and companies to minimize final disposal.

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 <p>Enhancement of corporate governance</p>	<p>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</p>	<p>1. Implementing evaluation of the effectiveness of the Board of Directors and working on priority issues based on the evaluation results</p>	<ul style="list-style-type: none"> Maintain a good level of quantitative evaluation results in the effectiveness evaluation 	<ul style="list-style-type: none"> The Board of Directors implemented the following major agendas for fiscal 2022, which were identified as a result of the evaluation of effectiveness for fiscal 2021: "Effective supervision of the management through more efficient and effective monitoring of material items," "Constructive discussions regarding agendas to be addressed in the medium- to long-term," and "Deepening of discussion regarding issues related to sustainability." In fiscal 2022, the Company conducted a questionnaire to all the Directors and Audit & Supervisory Board Members from February to March 2023, and based on the analyzed results of answers thereto, opinions were exchanged at the meeting of the Board of Directors held in April 2023. 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 2022 and the effectiveness of the Board of Directors of the Company has been ensured in general. In addition, it was agreed that appropriate progress was seen as to the efforts for the major agendas of fiscal 2022. 	
		<p>2. Strengthening of Group governance</p>	<ul style="list-style-type: none"> Rebuild a group governance system, including the streamlined North American group companies 	<ul style="list-style-type: none"> We promoted the streamlining project of North American group companies. 	
		<p>3. Conducting appropriate transactions between Group Companies with consideration to protecting the interests of minority shareholders</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> We periodically held meetings of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies. (to appoint the committee chairperson and share information about partnerships and synergy with the parent company within the supply chain). 	
 <p>Strengthening of risk management</p>	<p>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</p>	<p>1. Implementing risk assessment and implementing appropriate countermeasures based on assessment results</p>	<ul style="list-style-type: none"> All departments implement risk assessments every fiscal year 	<ul style="list-style-type: none"> All the departments of domestic and overseas group companies implemented risk assessments and took measures based on the risk assessment results. 	
		<p>2. Rebuilding and implementing of training and drills of business continuity management (BCM) and business continuity plans (BCPs)</p>	<ul style="list-style-type: none"> Provide education and training at departments with priority operations and update BCP at least once a year# 	<ul style="list-style-type: none"> We updated the business continuity plans (BCPs) of each division, department, and domestic group company that were formulated from fiscal 2020 to 2022 and conducted BCP training. 	
		<p>3. Provision of education and training for proper information management</p>	<ul style="list-style-type: none"> Provide necessary education and training at least once a year for enhancement of knowledge and awareness concerning information management 	<ul style="list-style-type: none"> We conducted information management training (group training) for new employees. We conducted information management training (e-learning) for all officers and employees. 	
		<p>4. Events that have a significant impact on business activities</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Number of serious accidents: 0 Number of serious information leaks and other incidents: 0 Number of serious information technology security incidents: 0 	<ul style="list-style-type: none"> We added identifying hazardous and harmful factors, predicting hazards and risks, identifying management issues as indicated in the "Notice from the Chairperson of the Sumitomo Chemical Responsible Care Committee," and other issues to the company-wide safety and health priority issues for fiscal 2022. We also reflected these issues in the activity policies of each workplace and encouraged them to take specific actions. We continuously provided IT security education and training in handling of spear phishing.
 <p>Pursuing compliance</p>	<p>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</p>	<p>1. Implementation of compliance education and training</p>	<ul style="list-style-type: none"> Provide training designed to enhance the latest knowledge and raise compliance awareness at least once a year 	<ul style="list-style-type: none"> Personal development training: We conducted training for new employees (including mid-career hires) and manager training. Theme-based training: We conducted training in the Antimonopoly Act, the Whistleblower Protection Act, harassment prevention, respect for human rights, the Subcontract Act, and insider trading regulations. 	
		<p>2. Level of awareness and understanding of the whistle-blowing system</p>	<ul style="list-style-type: none"> Awareness: Maintain current level# Understanding: Increase to the same level as awareness by fiscal 2027# 	<ul style="list-style-type: none"> Awareness: 98% Understanding: 78% 	<ul style="list-style-type: none"> The Executive Officer in charge of compliance delivered messages. We set up a banner on the intranet and launched a new compliance website.
		<p>3. Number of serious compliance violations</p>	<ul style="list-style-type: none"> 0 in any year 	<ul style="list-style-type: none"> 0 	