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Sumitomo Pharma Co., Ltd.

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The corporate governance of Sumitomo Pharma Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The Company commits itself to continuously pursuing the establishment of a corporate governance system which is highly effective, aiming for the fuller realization of its Mission.

Mission

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

The Company posts on the website the summary for its basic concept and basic policy titled the “Basic Policy on Corporate Governance” (the “Basic Policy”).

(Website)

https://www.sumitomo-pharma.com/profile/governance/basic_policy.html

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company has implemented all of the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4 Strategic Shareholdings]

- The strategic shareholdings policy is presented under 4-1 of the Basic Policy. In addition to this policy, pursuant to 4-2 of the Basic Policy, the Board of Directors annually evaluates whether it is reasonable to continue respective strategic shareholdings based on points such as the purpose of such shareholdings, as well as the transaction status and unrealized profit and loss thereof. Consequently, while the Company held 39 kinds of listed shares as of June 2015 when the Corporate Governance Code was introduced, it proceeded to sell some of them thereafter, and held 12 kinds of listed shares as of March 31, 2024. As of March 31, 2005, the Company held six kinds of listed shares.

- The review and decision standards for exercising voting rights for the strategic shareholdings are presented under 4-3 of the Basic Policy. To be specific, it was decided that decisions regarding some proposals such as M&A related proposals and all the proposals at the Shareholders' Meeting held for the first time after any major scandal has occurred should be made with special care.

- If any shareholders who hold the Company's shares for the purpose of strategic shareholdings inform the Company of their intention to sell their shares or take any other similar action, the Company respects their intentions.

<Basic Policy> (excerpt)

- 4-1 The Company shall not hold any shares of other companies except when such shareholding supports the sustainable enhancement of its corporate value, such as establishment or maintenance of corporate alliances and other types of relationships with important business partners and customers.
- 4-2 The Company shall have the Board of Directors evaluate the reasonableness and the economic rationale of respective strategic shareholdings on an annual basis, and when the Board of Directors finds any such shareholdings not reasonable, the Company shall proceed to reduce the relevant shareholdings or sell the relevant shares.
- 4-3 With respect to exercising voting rights for such strategic shareholdings, the Company shall examine the proposal from the viewpoint of whether it will lead to enhancing not only the corporate value of the relevant issuing company, but also that of the Company.

[Principle 1-7 Related Party Transactions]

The outline of procedures for the related party transactions is presented under 3 of the Basic Policy.

<Basic Policy> (excerpt)

- 3 The Board of Directors shall supervise transactions between the Company and any of its Directors, major shareholders, etc. (i.e., related party transactions) appropriately in light of the importance of such transactions, and in accordance with the Company's relevant procedures such as the requirement of approval at a meeting of the Board of Directors at which Independent Outside Directors are present, in order to ensure that such transactions are fair and reasonable from the viewpoint of enhancing the corporate value.

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources, etc.]

The details are presented in III-3 "Other" of this Report.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

Aiming for the stable operation of the corporate pension plan through the corporate pension fund, the Company has established a basic policy on the operation of pension reserves and established appropriate bodies such as the board of representatives and the asset management committee as stipulated under applicable laws and regulations. In order to secure the effectiveness of the basic policy, a system has been established through which the Company can appropriately keep track of and evaluate the management status of the pension reserves by such measures as appointing an appropriate person who has specialized knowledge regarding reserve fund management as the chair of the committee and seeking advice of outside specialized agencies.

[Principle 3-1 Full Disclosure]

- (i) The philosophy of the Company, including the Mission of the Company is posted on its website.

(Website)

<https://www.sumitomo-pharma.com/profile/principles/>

- (ii) The basic concept and the basic policy on corporate governance are available on its website as the Basic Policy.

- (iii) The Board policies and procedures in determining remuneration of Directors are presented under II-1 "Director Remuneration" of this Report.

- (iv) The policies and procedures for the nomination of candidates for, and the dismissal of, the Directors are resolved by the Board of Directors based on the recommendation from the Nomination and Compensation Committee. The candidates for the Directors are nominated by the resolution of the Board of Directors in accordance with Exhibit 1 "Nomination Criteria for Candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Nomination Criteria for Candidates for Directors who are Audit and Supervisory Committee Members," as well as Exhibit 2 "Knowledge, Experience and Skills to be Held by the Board of Directors" of the Basic Policy, based on the recommendation from the Nomination and Compensation Committee. The appointment and removal of the Representative Directors, the President and CEO, and other Directors with special titles are resolved by the Board of Directors based on the recommendation from the Nomination and Compensation Committee.

- (v) The reasons for nominating each candidate for the Directors are presented in reference documents for the Shareholders' Meeting. Explanation will be made if any Director or Audit & Supervisory Board Member is dismissed.

[Supplementary Principle 3-1-3 Initiatives on Sustainability, etc.]

The details are presented in III-3 “Implementation of Environmental Preservation Activities and CSR Activities, etc.” and “Other” of this Report.

[Supplementary Principle 4-1-1 Matters Resolved by the Board of Directors and Matters Delegated to the Senior Management]

The matters resolved by the Board of Directors and the matters delegated to the senior management are stipulated in the Regulations of the Board of Directors, Regulations Regarding Electronic Approval, and other relevant internal regulations.

The following matters require a resolution of the Board of Directors: (1) matters stipulated in the laws and regulations or the Articles of Incorporation; (2) matters delegated at the Shareholders’ Meeting for resolution; (3) material business matters; and (4) other matters deemed necessary by the Board of Directors. Status of execution of business operations and material matters among those approved by the President and CEO are reported to the Board of Directors.

[Principle 4-9 Independence Criteria and Qualification for Independent Outside Directors]

The independence criteria are presented in Exhibit 3 “Independence Criteria for Outside Directors” of the Basic Policy and II-1 “Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members” of this Report.

[Supplementary Principle 4-10-1 Appropriate Involvement of and Advice from Independent Outside Directors by the Establishment of an Independent Nomination Committee and Compensation Committee]

The details are presented in “Supplementary Explanation” in II-1 “Voluntarily Established Committee(s)” of this Report.

[Supplementary Principle 4-11-1 Views on the Balance of Knowledge, Experience and Skills, the Diversity and the Size of the Board of Directors as a Whole]

- The Knowledge, Experience and Skills to be Held by the Board of Directors (Skill Sets for Directors) which was determined by the Board of Directors, and the Skills Matrix of the current Directors are available on the Company’s website.

(Website)

<https://www.sumitomo-pharma.com/profile/governance/>

- The Company’s views on the balance, diversity and size of the Board of Directors are presented under 7-1 of the Basic Policy.

<Basic Policy> (excerpt)

7-1-1 The Board of Directors shall consist of a diverse group of Directors who have various knowledge, experience and skills based on Exhibit 1 “Nomination Criteria for Candidates for Directors” and Exhibit 2 “Knowledge, Experience and Skills to be Held by the Board of Directors.”

7-1-2 The Board of Directors shall have an appropriate number of Directors to ensure that the Board of Directors performs its functions effectively and efficiently. One third (1/3) or more of the Directors shall be Independent Outside Directors.

7-1-3 One (1) or more of the Independent Outside Directors shall be persons who have experience in management at other companies.

7-1-4 The Independent Outside Directors shall be persons who meet the independence requirements for outside directors set forth by financial instruments exchanges, and Exhibit 3 “Independence Criteria for Outside Directors.”

[Supplementary Principle 4-11-2 Status of the Positions Concurrently Held by Directors as Officers at Other Listed Companies]

The status of the positions concurrently held by Directors at other companies and organizations are described in reference documents for the Shareholders’ Meeting and II-1 “Directors” of this Report.

[Supplementary Principle 4-11-3 Evaluation of the Effectiveness of the Board of Directors]

The Company has evaluated the effectiveness of the Board of Directors annually since FY2015. In FY2018 and FY2021, the Company utilized external evaluation.

1) Purpose, method and process of evaluation of effectiveness

The Company has evaluated the effectiveness of the Board of Directors with the aim of improving the effectiveness of the Board of Directors for enhancing corporate governance of the Company: specifically, recognizing 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; regularly and repeatedly engaging in agenda-finding and improvement activities; and thereby continuously enhancing the functions of the Board of Directors. In FY2024, the Company conducted a questionnaire to all the Directors and Audit & Supervisory Board Members from February to March 2025, and based on the analyzed results of answers thereto, opinions were exchanged at the meetings of the Board of Directors held in April and May 2025.

2) Topics to be evaluated

The questionnaire (anonymous) is conducted to seek answers of quantitative evaluation on four scales for each topic and also opinions freely entered in comment boxes.

The major topics of the questionnaire were as follows:

- (1) Composition of the Board of Directors;
- (2) Roles and duties of the Board of Directors;
- (3) Status of the operations of the Board of Directors;
- (4) Functions of the Nomination and Compensation Committee;
- (5) Support system for Outside Directors and Outside Audit & Supervisory Board Members;
- (6) Roles and responsibilities of Independent Outside Directors;
- (7) Roles and responsibilities of Audit & Supervisory Board Members/Response to what is pointed out by Audit & Supervisory Board Members at the meeting of the Board of Directors;
- (8) Relationship with stakeholders/examination of issues of sustainability;
- (9) Related party transactions;
- (10) Review on strategic shareholdings;
- (11) Provision of training; and
- (12) Efforts made for the agendas identified in the previous fiscal year.

3) Results of evaluation

Based on the report of the quantitative analysis of answers to the questionnaire (including the comparative analysis with the numerical values of the evaluation results in the past) and all the opinions entered in the comment boxes, opinions were exchanged at the meetings of the Board of Directors in April and May 2025. 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 FY2024 and the effectiveness of the Board of Directors of the Company has been ensured in general. In addition, it was agreed that, although appropriate progress was acknowledged, there was room for further improvement for the major agendas of FY2024 ((i) Enhancement of supervision of the group companies in North America, (ii) Constructive discussions regarding agendas to be addressed in the medium- to long-term, and (iii) Deepening of discussion regarding human capital).

4) Major agendas to be addressed in FY2025

The following agendas have been identified as major agendas to be addressed in FY2025 as a result of the evaluation of the effectiveness of the Board of Directors for FY2024:

- Supervision of management to realize “Reboot 2027”; and
- Discussions regarding agendas to be addressed in the medium- to long-term to become a “Strong Sumitomo Pharma”.

The Board of Directors is determined to further enhance its functions, while addressing these agendas.

[Supplementary Principle 4-14-2 Policies for the Training for Directors]

The Company's policies for the training for Directors are presented under 11 of the Basic Policy.

<Basic Policy> (excerpt)

- 11-1 The Company shall provide opportunities for newly elected Directors to deepen their understanding of the Mission of the Company, to obtain the necessary knowledge regarding the Company's business such as corporate strategies, finance and organizations, and to fully understand the roles and responsibilities that they are required to fulfill.
- 11-2 The Company shall continuously provide and arrange training opportunities that suit each of the Directors so that they can obtain and renew the knowledge necessary for performing their respective duties. The Company shall bear the expenses incurred for training opportunities.

11-3 The Company shall report and assess the implementation status of the training provided to the Directors at a meeting of the Board of Directors on an annual basis.

[Principle 5-1 Policies for Constructive Dialogues with Shareholders]

- The Company's policies and system for promoting constructive dialogues with shareholders are described in Exhibit 4 "Basic Policy for Promoting Constructive Dialogues with Shareholders, Investors, etc." of the Basic Policy. The details of the status of the dialogues with shareholders are presented in III-2 of this Report. The status of the dialogues with shareholders and investors (including opinions, etc. heard from shareholders and investors) have been reported in the form of reports quarterly to Directors and Executive Officers since FY2018, and biannually to the Board of Directors since FY2019.

- The Company has made efforts to disclose information in a timely, appropriate and fair manner pursuant to the Information Disclosure Code. The Company has appropriately managed insider information pursuant to the Rules on the Management of Internal Information.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Consideration Status
Availability of English Disclosure	Available

Explanation of Actions

In May 2025, "Reboot 2027 - Reboot for a Strong Sumitomo Pharma" was formulated, and the Mid-term Business Plan 2027 (FY2023-FY2027) that was announced in April 2023 was withdrawn. "Reboot 2027" features major efforts to be made from FY2025 to FY2027. The Company will consider the formulation of a comprehensive growth strategy after confirming the progress made with such efforts.

Japanese: <https://www.sumitomo-pharma.co.jp/profile/reboot2027/>

English: <https://www.sumitomo-pharma.com/profile/reboot2027/>

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Sumitomo Chemical Co., Ltd.	205,634,000	51.76
The Master Trust Bank of Japan, Ltd. (Trust account)	33,887,400	8.53
Custody Bank of Japan, Ltd. (Trust account)	12,534,300	3.15
Nippon Life Insurance Company	7,581,756	1.91
SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000,000	1.76
Inabata & Co., Ltd.	5,800,000	1.46
Sumitomo Life Insurance Company	5,776,000	1.45
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	3,136,023	0.79
STATE STREET BANK AND TRUST COMPANY 505001	2,987,440	0.75

MORGAN STANLEY & CO. LLC	2,906,139	0.73
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Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	Sumitomo Chemical Co., Ltd. (Listed Stock Exchange: Tokyo) (Code: 4005))

Supplementary Explanation

The 7,000,000 shares of the Company, which are held by SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits) and which were contributed by Sumitomo Mitsui Banking Corporation, were placed in a retirement benefit trust account.
The shareholding ratios were calculated after deducting the treasury stocks (610,242 shares).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market (Tokyo Stock Exchange)
Fiscal Year-End	March
Business Sector	Pharmaceuticals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

Sumitomo Chemical Co., Ltd. is the parent company holding 51.78% (as of March 31, 2025) of the voting rights of the Company.

In the case where the Company conducts transactions with the parent company, appropriate supervision is given in light of the importance of the transactions, and in accordance with relevant procedures such as a requirement of approval at meetings of the Board of Directors at which Independent Outside Directors are present, in order to ensure that such transactions are fair and reasonable from the viewpoint of enhancing the corporate value of the Company. With respect to the Company's significant transactions, etc. with its parent company or any subsidiary of the parent company (excluding the Company and its subsidiaries) (the "Parent Company's Group"), deliberations are conducted from the viewpoint of protecting the interest of minority shareholders at the Supervisory Committee for Conflict of Interests in Transactions between Group Companies which was set up as a consultative body to the Board of Directors and consists of all the Independent Outside Directors. It is set forth in the Basic Policy that the Board of Directors shall respect recommendations from the Supervisory Committee for Conflict of Interests in Transactions between Group Companies.

The Company conducts transactions with the parent company, such as lease of facilities and procurement of raw materials from the parent company, the joint operation of a joint venture for the regenerative medicine and cell therapy business, and financial guarantee by the parent company. The Company has been careful not to harm the interests of the Company by, for example, determining reasonable conditions based on the market interest rate and generally employed terms and conditions.

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

Sumitomo Chemical Co., Ltd. is the parent company of the Company. However, the Company secures a certain level of independence from the parent company, and engages in business activities based on its own management judgments without any restrictions from the parent company (such as prior approval by the parent company).

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	The maximum number is not stipulated (three (3) or more Directors).
Directors' Term of Office Stipulated in Articles of Incorporation	1 year (expire at the conclusion of the Annual Shareholders' Meeting held for the last business year that ends within one (1) year from their election).
Chairperson of the Board	President and CEO
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Minoru Usui	From another company											
Koji Fujimoto	Academic											
Yoshio Iteya	Lawyer											
Mayumi Mochizuki	Academic								△			
Daishiro Michimori	Lawyer											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company

- in addition to remuneration as a director/company auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
 - h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
 - i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
 - j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
 - k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Minoru Usui		○	None.	<p>Mr. Usui has a wide range of knowledge and extensive experience which he has acquired in the course of his long career as a corporate executive at a company providing products including information-related equipment and related services at a global level. He has been appointed as an Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director.</p> <p>As the Company has determined that he meets the Independence Criteria stipulated by the Company and is unlikely to have conflicts of interest with general shareholders, he has been designated as an Independent Director.</p>
Koji Fujimoto		○	None.	<p>Mr. Fujimoto has served in various responsible positions at the Ministry of Economy, Trade and Industry and the Cabinet Secretariat, and has a wide range of knowledge and extensive experience which he has acquired in the course of the development and promotion of healthcare</p>

				<p>industry policies. He has been appointed as an Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director.</p> <p>As the Company has determined that he meets the Independence Criteria stipulated by the Company and is unlikely to have conflicts of interest with general shareholders, he has been designated as an Independent Director.</p>
Yoshio Iteya	○	○	None.	<p>Mr. Iteya has extensive experience and expertise as an attorney. He has been appointed as an Outside Director in the expectation that he will be able to contribute to the auditing and supervision of the Group using his experience and expertise.</p> <p>As the Company has determined that he meets the Independence Criteria stipulated by the Company and is unlikely to have conflicts of interest with general shareholders, he has been designated as an Independent Director.</p>
Mayumi Mochizuki	○	○	Ms. Mochizuki is a Professor Emeritus at Keio University, and the Company has had transactions with the said University. However, the annual amount of such transactions is less than the amount specified in the Independence Criteria stipulated by the Company.	<p>Ms. Mochizuki has extensive experience and expertise as a pharmacologist. She has been appointed as an Outside Director in the expectation that she will be able to contribute to the auditing and supervision of the Group using her experience and expertise.</p> <p>As the Company has determined that she meets the Independence Criteria stipulated by the Company and is unlikely to have conflicts of interest with general shareholders, she has been</p>

				designated as an Independent Director.
Daishiro Michimori	○	○	None.	Mr. Michimori has served in various responsible positions at the Ministry of Finance and the Cabinet Secretariat, and has expertise related to finance and accounting which he has acquired in the course of the development and promotion of financial policies, and also as an attorney. He has been appointed as an Outside Director in the expectation that he will be able to contribute to the auditing and supervision of the Group using his expertise. As the Company has determined that he meets the Independence Criteria stipulated by the Company and is unlikely to have conflicts of interest with general shareholders, he has been designated as an Independent Director.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Staff from Executive Officers

- The Company has assigned one Audit and Supervisory Special Officer, as an employee who is independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee. Decisions on appointment and dismissal of the Audit and Supervisory Special Officer are made based on the resolution of the Board of Directors, with the prior consent of the Audit and Supervisory Committee. Matters concerning remuneration of the Audit and Supervisory Special Officer are determined with the prior consent of the Audit and Supervisory Committee.
- The Company has established the Audit and Supervisory Committee Office and assigned one full-time staff member, as an employee who is independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee and serve as administrative staff of the Audit and Supervisory Committee. Decisions on transfer and evaluation of such staff member are made upon consultation with the Audit and Supervisory Committee and by respecting its opinions.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee cooperates and collaborates closely with the Internal Auditing department by having regular meetings, among others, to hear its audit policies and the audit implementation status as well as to exchange opinions. The Audit and Supervisory Committee cooperates and collaborates closely with the Accounting Auditor by, among others, having regular meetings to correspond with the audit plans and the interim (quarterly/half-year) and year-end settlement of accounts, exchanging opinions regarding the Key Audit Matters (KAMs), and as necessary, attending to field audits and actual audits, providing materials, information, etc., and exchanging opinions regarding other matters.

In addition, the Full-time Audit and Supervisory Committee Members, the Accounting Auditor and the Internal Auditing department regularly hold meetings among the three parties to exchange information and opinions.

Voluntarily Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	7	0	1	5	0	1	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	7	0	1	5	0	1	Outside Director

Supplementary Explanation

The Company has the Nomination and Compensation Committee as a consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors on matters such as the nomination of the candidates for the Directors (excluding Directors who are Audit and Supervisory Committee Members), and decisions on the remuneration of the Directors. The Committee consists of the following seven members, the majority (five members) of which being Independent Outside Directors, and the chairperson being appointed from the Independent Outside Directors. It is set forth in the Basic Policy that the Board of Directors shall respect recommendations from the Nomination and Compensation Committee.

(Composition of the Nomination and Compensation Committee)

Chairperson: Minoru Usui (Outside Director)

Member: Koji Fujimoto (Outside Director)

Yoshio Iteya (Outside Director, Audit and Supervisory Committee Member)

Mayumi Mochizuki (Outside Director, Audit and Supervisory Committee Member)

Daishiro Michimori (Outside Director, Audit and Supervisory Committee Member)

Toru Kimura (Representative Director, President and CEO)

Hiroshi Niinuma (Non-Executive Director)

In FY2024, the Nomination and Compensation Committee held 10 meetings and deliberated various matters including the appointment of Representative Directors and Directors with special titles, candidates for Executive Officers, individual remuneration for respective Directors, candidates for officers after transition to a company with an Audit and Supervisory Committee, the total amount of remuneration for officers, the system of remuneration for Directors and candidates for the Audit and Supervisory Special Officer. The attendance rate of the members was 98%.

Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors

The Company has defined the Independence Criteria for Outside Directors as described below.

<Independence Criteria for Outside Directors>

The Company considers persons who do not fall under any of the following to be independent; provided, however, that this does not preclude the Company from making judgment that such persons who meet these independence criteria are virtually not independent given specific circumstances:

- (1) Persons who have the Company as their major business partner (meaning persons who received payments from the Company for products or services in an amount that exceeds, in any of their last three (3) fiscal years, two percent (2%) of their consolidated annual revenue or consolidated annual net sales), or persons executing the business operations thereof (meaning an "executive" as defined in Article 2, paragraph 3, item (vi) of the Regulations for Enforcement of the Companies Act; the same shall apply hereinafter in these independence criteria);
- (2) Persons who are the Company's major business partners (meaning persons who made payments to the Company for products or services in an amount that exceeds, in any of the Company's last three (3) fiscal years, two percent (2%) of the Company's consolidated annual revenue), or persons executing the business operations thereof;
- (3) Consultants, accounting or legal professionals who received from the Company monetary consideration or other properties of ten (10) million JPY or more, except for the remuneration of the Directors, etc., in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company monetary consideration or other properties of one hundred (100) million JPY or more in any of their last three (3) fiscal years);
- (4) Persons who received from the Company any donation or grant of ten (10) million JPY or more in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company any donation or grant of one hundred (100) million JPY or more in any of their last three (3) fiscal years);
- (5) Persons who fall under either of (i) and (ii) below in any of the past ten (10) years;
 - (i) Persons executing the business operations of the parent company of the Company (including directors who are not persons executing the business operations); or
 - (ii) Persons executing the business operations of any subsidiary of the parent company of the Company (excluding the Company and its subsidiaries; the same shall apply hereinafter); or
- (6) Close relatives (Note 1) of persons who fall under any of (i) to (iii) below (excluding persons other than persons with important positions (Note 2));
 - (i) Persons who fall under any of (1) to (5) above;
 - (ii) Persons executing the business operations of any subsidiary of the Company, persons executing the business operations of the parent company of the Company (including directors who are not persons executing the business operations), or persons executing the business operations of any subsidiary of the parent company; or
 - (iii) Persons who were persons executing the business operations of the Company or any subsidiary of the Company in any of the past three (3) years.

(Note 1) Close relatives mean the spouse and relatives within the second degree of kinship.

(Note 2) Persons with important positions mean the directors (excluding outside directors), executive officers, department heads, certified public accountants who belong to audit corporations or accounting firms, lawyers who belong to law firms and any other person who is objectively and reasonably found to have a similar importance.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Please see “Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in II-1 “Director Remuneration” of this Report.

Persons Eligible for Stock Options

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The Company has disclosed the total amount of remuneration and the like, the total amount of remuneration and the like by type, and the number of officers concerned, according to the category of officers, in the business report and the annual securities report.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has the Nomination and Compensation Committee as the consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors relating to matters such as the nomination of candidates for Directors and decisions regarding remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members). As a system of remuneration for Directors, the Company has provided as described below the policy for determining remuneration and the like for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), and the policy was determined by the Board of Directors based on the recommendation from the Nomination and Compensation Committee after the Board of Directors sought such recommendation and the Nomination and Compensation Committee deliberated the relevant matters.

(1) System of remuneration and the like

Remuneration for the Directors (excluding Outside Directors and Non-Executive Directors) consists of base remuneration and performance-linked remuneration (bonuses), and this system is established to serve as an incentive for achieving sustainable growth and enhancing the corporate value of the Group. Part of the base remuneration is the remuneration to be contributed to the Sumitomo Pharma Officers Shareholders' Association for the purpose of acquiring shares of the Company. The Directors continue to hold the shares they acquire through the said Association during their term of office and for one year after their retirement. Through such measures, the Directors' willingness to contribute to the increase of corporate value in the medium- to long-term is enhanced and value sharing with shareholders is promoted.

Remuneration for the Outside Directors and Non-Executive Directors consists of base remuneration only, and the Company adopts a remuneration system where the business performance of the Company is not linked thereto, for the purpose of securing the supervisory function and independence of the Outside Directors.

The base amounts are set with respect to the base remuneration and performance-linked remuneration (bonuses) according to each position, such as Representative Director. The ratios of the base amount of the base remuneration and the performance-linked remuneration (bonuses) of the Directors (excluding Outside Directors and Non-Executive Directors) are set to be 70% for the base remuneration and 30% for the performance-linked remuneration (bonuses),

with respect to the total amount of the remuneration (when the performance-linked elements described in (2) below and individual performance are all considered standard). The total amount of the remuneration and the like shall be not more than 500 million JPY annually as approved at the Shareholders' Meeting.

(2) Method of calculating the amount of performance-linked remuneration (bonuses)

The amount of the performance-linked remuneration (bonuses) for the Directors (excluding Outside Directors and Non-Executive Directors) is calculated based on the performance-linked elements and individual performance, and is calculated to be within the scope of zero to 200% of the base amount.

The performance-linked elements are evaluated by the Nomination and Compensation Committee based on the degree of achievement of targets, using as indicators the "core operating profit," which was set as a profit indicator showing recurring profitability of a company within the Group and serves as an original performance management indicator; "R&D results" which are the base of the business activities of the Group and important to its continuous growth; and "operating cash flow" which serves as the investment fund for R&D and related activities. The individual performance is evaluated by the Nomination and Compensation Committee based on the degree of achievement of performance targets of each Director (excluding Outside Directors and Non-Executive Directors).

Regardless of the result of the calculation, the performance-linked remuneration (bonuses) will not be paid if no dividend is paid throughout the relevant business year.

(3) Method of determining remuneration and the like

Remuneration and the like for individual Directors are determined by the Board of Directors based on the recommendation from the Nomination and Compensation Committee after the Board of Directors seeks such recommendation and the Nomination and Compensation Committee deliberates the relevant matters. When the Board of Directors determines to delegate the decision-making thereof to the Representative Director, President and CEO, the Representative Director, President and CEO shall determine the same, respecting and in accordance with the recommendation made by the Nomination and Compensation Committee to the Board of Directors.

Support System for Outside Directors

The Corporate Governance department provides explanations to the Outside Directors in advance on matters to be submitted to the Board of Directors for discussion, etc., collects and provides inside and outside information, such as news release and analyst reports, responds to individual requests for information, and sets up and implements meetings for information exchange, among other activities.

A full-time staff member who belongs to the Audit and Supervisory Committee Office assists the Outside Directors who are Audit and Supervisory Committee Members by engaging in support relating to matters of the Audit and Supervisory Committee and providing relevant information, among other activities.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Masayo Tada	Honorary Advisor	External activities	No distinction of full or part time, and without remuneration.	June 23, 2022	Until March 2026
Hiroshi Nomura	Honorary Advisor	External activities	No distinction of full or part time, and without remuneration.	June 25, 2024	Until June 2028

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc.

2

Other Related Matters

- The Honorary Advisors will not attend the Global Management Committee, etc., and will not get involved in the decision-making of the management.
- The appointment of the Honorary Advisors was respectively resolved by the Board of Directors.
- The “Date when former role as president/CEO ended” in the “Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.” for Mr. Masayo Tada is the date on which Mr. Tada retired as a Member, Board of Directors and Chairperson of the Board of the Company. Mr. Tada retired as a Representative Director on March 31, 2021. As for Mr. Hiroshi Nomura, the date indicated is the date on which he retired as the Representative Director, President and CEO.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Board of Directors consists of ten members (including one female Director), including five Independent Outside Directors (the chairperson: President and CEO). The Board of Directors holds a meeting once a month, in principle, and resolves and reports on material business matters (21 meetings were held in FY2024: The attendance rate of the Outside Directors was 96%). The Company has adopted an executive officer system to separate management supervision from business execution.

The Audit and Supervisory Committee consists of four members (including one female Director), including three Independent Outside Directors (the chairperson: Full-time Audit and Supervisory Committee Member). The Audit and Supervisory Committee holds a meeting once a month, in principle, discusses and resolves material matters relating to auditing, and also examines in advance matters to be submitted to the Board of Directors for discussion. The Audit and Supervisory Committee receives reports of auditing plans and auditing results from the department in charge of internal auditing, and as necessary, requests investigation or gives specific instructions to the department in charge of internal auditing. The Company has assigned one Audit and Supervisory Special Officer and one full-time staff member, who are independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee.

Full-time Audit and Supervisory Committee Member Hisayoshi Kashima has a considerable amount of knowledge in finance and accounting affairs, having served in responsible positions of the department of global finance of the Company for many years. Audit and Supervisory Committee Member Daishiro Michimori has a considerable amount of knowledge in finance and accounting affairs, having served in various responsible positions at the Ministry of Finance and as the Regional Commissioner of the Tokyo Regional Taxation Bureau.

The Company has the Nomination and Compensation Committee as a consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors on matters such as the nomination of the candidates for the Directors, and decisions on the remuneration of the Directors (excluding Directors who are Audit and Supervisory Committee Members), and meetings of the Committee are held as necessary. The Committee consists of seven members, the majority (five members) of which being Independent Outside Directors, and the chairperson being appointed from the Independent Outside Directors (10 meetings were held in FY2024: The attendance rate of the Outside Directors was 98%).

The Company has set up the Supervisory Committee for Conflict of Interests in Transactions between Group Companies as a consultative body to the Board of Directors in order to ensure that the Company's significant transactions, etc. with the Parent Company's Group are fair and reasonable and help protect the interest of minority shareholders of the Company. The meetings are held as necessary. The Supervisory Committee for Conflict of Interests in Transactions between Group Companies consists of all the Independent Outside Directors, and the chairperson is appointed from among the members by mutual vote of the members (Five meetings were held in FY2024: The attendance rate of the members was 100%).

The Global Management Committee holds meetings twice a month, in principle, as a consultative body to the President and CEO for the decision making for important business matters, based on the basic policy determined by the Board of Directors.

In addition, the Executive Committee holds a meeting once a month, in principle, for the purpose of appropriately sharing among the Directors, including the Outside Directors, as well as Executive Officers and other related persons, the status of the execution of business and material matters relating to the execution of business.

Accounting audits are conducted by KPMG AZSA LLC, under the audit agreement. The certified public accountants who engaged in the accounting audits for FY2024 are Mr. Hiroyuki Matano, Mr. Masato Tateishi and Mr. Takuya Hasegawa. Mr. Hiroyuki Matano has been in charge of audit of the Company for five years, Mr. Masato Tateishi for

seven years, and Mr. Takuya Hasegawa for two years, respectively. A total of 47 persons, including, in addition to the above three certified public accountants, 12 certified public accountants, five persons who passed the examination of certified public accountants, etc. and 19 accountants who work as assistants, engage in audit work.

The Company has established the Internal Auditing department, which reports directly to the Representative Director, President and CEO of the Company (nine persons as of March 31, 2025). The Internal Auditing department conducts internal audits for not only the Company but also its subsidiaries to check the basic elements necessary for achieving the objectives of internal control from a fair and independent standpoint. In addition, the Internal Auditing department evaluates the status of development and operation of the internal control over financial reports in accordance with the Financial Instruments and Exchange Act.

The Internal Auditing department directly reports to the Board of Directors regarding the results of the internal audit for the preceding fiscal year and the audit plans for the current fiscal year once a year in accordance with the Regulations of the Board of Directors, in addition to reporting the results of its work to the Representative Director, President and CEO.

Pursuant to Paragraph 1 of Article 427 of the Companies Act, the Company has entered an agreement regarding liability for damages (the "Limited Liability Agreement") with the five Outside Directors and one Non-Executive Director to limit their liability for damages under circumstances where they acted in good faith and were not grossly negligent in performing their respective duties. The Limited Liability Agreement provides for a total maximum liability of 10 million JPY or any amount stipulated by the relevant laws and regulations, whichever is higher.

3. Reasons for Adoption of Current Corporate Governance System

Pursuant to the resolution of the Annual Shareholders' Meeting held on June 26, 2025, the Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee with the aim of strengthening the supervisory function of the Board of Directors by placing as members of the Board of Directors, Audit and Supervisory Committee Members who are in charge of, among other things, auditing the execution of duties by Directors, and further enhancing corporate governance, as well as further increasing its corporate value by enabling more speedy decision making under the appropriate supervision by the Board of Directors and enriching strategic discussions for the mid to long term at the meetings of the Board of Directors

The Board of Directors consists of 10 members including five Independent Outside Directors. The Independent Outside Directors strive to fulfill their expected roles and duties in decision making at the meeting of the Board of Directors and supervision of conflicts of interest and other matters. The Independent Outside Directors strive to collect information necessary to perform their duties effectively and efficiently through efforts such as attending important meetings at the Company, including meetings of the Board of Directors, and appropriately cooperating and collaborating with other Directors. The Outside Directors appropriately cooperate and collaborate with the Accounting Auditor and the Internal Auditing department, as necessary.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sends the notice approximately one week earlier than the statutory time limit, which is two weeks prior to the date of the Shareholders' Meeting. Date of the Most Recent Shareholders' Meeting: June 26, 2025 Date of Sending the Notice of Convocation: June 2, 2025 Date of Posting the Notice of Convocation on the Company's website: May 30, 2025
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company schedules the Shareholders' Meeting to avoid the date on which shareholders' meetings are expected to be most concentrated.
Electronic Exercise of Voting Rights	Since the Annual Shareholders' Meeting held in 2009, the Company has adopted electromagnetic means as methods to exercise voting rights.

Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the Annual Shareholders' Meeting held in 2009, the Company has participated in the electronic voting platform operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company posts an English translation of the notice of convocation on the Company's website together with the Japanese version one business day before the day on which the notice is sent.
Other	The Company has made sincere efforts to vitalize the Shareholders' Meeting, such as receiving questions in advance through the designated website, and providing video presentations and narration of the business report and other reports during the meeting. After the shareholders' meeting, the presentation video of the business report by the President and CEO, the summary of Q&As, etc. are posted on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has prescribed its Basic Stance on Information Disclosure (disclosure policy) in the Information Disclosure Code as follows. "In accordance with the policy stated in our Declaration of Conduct, we at Sumitomo Pharma proactively disclose information to the public and, under the recognition of the importance of transparency in earning society's trust, we work to disclose our corporate information in a timely, appropriate, and fair manner to our stakeholders." In addition, the Company has prescribed in the same Code, matters such as the standards for information disclosure, procedures of disclosure, handling of material non-public information, as the Stance on Information Disclosure, which has been posted on the Company's website. (Website) https://www.sumitomo-pharma.com/ir/managerial_policy/d_policy/	
Regular Investor Briefings held for Individual Investors	The Company has regularly held briefings for individual investors to explain the outline, business plans, etc. of the Company. The Company held an online briefing by the President and CEO (in December) in FY2024.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company has held a briefing corresponding to the announcement of each quarterly financial results, where the Company has presented the financial results and R&D status updates, among others. The Company has also held small meetings with the President and CEO, individual meetings by the	Held

	President and CEO and by personnel in charge of IR as the need arises for analysts and institutional Investors.	
Regular Investor Briefings held for Overseas Investors	The Company posts on its website, videos, audio recordings and transcripts translated into English of the briefings (including the Q&As) held for analysts and institutional investors in Japan. The President and CEO has regularly taken part in small meetings arranged by securities firms for overseas investors. Individual meetings with overseas investors have been held by the President and CEO multiple times, and by personnel in charge of IR as the need arises.	Held
Online Disclosure of IR Information	<p>The Company posts materials of presentations for investors (including video and audio streaming and transcripts), financial results summaries and supplementary materials, press releases, Integrated Reports, annual securities reports, notices of convocation for the Shareholders' Meeting, and notices of resolutions among others. (Presentation materials, etc.) https://www.sumitomo-pharma.com/ir/library/presentation/ (Information for shareholders and investors) https://www.sumitomo-pharma.com/ir/</p> <p>The Company posts on its website, the outline, R&D activities, business plans, etc. of the Company for individual investors. (Website in Japanese) https://www.sumitomo-pharma.co.jp/ir/p_investors/</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Communications of Corporate Governance is in charge.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Company has prescribed the Declaration of Conduct for cultivating corporate culture which gives due respect for the rights and position of stakeholders as well as corporate ethics. The Declaration has been posted on the Company's website. (Website) https://www.sumitomo-pharma.com/profile/principles/</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Company considers it to be the "Sustainability Management" to contribute to the realization of a sustainable society and thereby making a sustainable increase of its corporate value through the pursuit of its Mission. The Company has identified material issues of the Sustainability Management from the viewpoint of the expectation from society and the impact on the increase of its corporate value, and raised "development of innovative products and healthcare solutions" as its most important material issue. The Company also established targets and KPIs for respective material issues.</p> <p>With respect to issues related to sustainability, such as the environment, human rights and health of employees, the status of implementation of measures regarding such issues is regularly reported to the Board of Directors, and active</p>

	<p>discussions take place from the perspective of enhancing corporate value over the mid to long term.</p> <p>As environmental conservation activities, the Company announced its goal of reducing Scope 1 and 2 emissions (greenhouse gas (GHG) emissions by the Company associated with its business activities) to zero by FY2050, and has promoted its efforts in accordance with a roadmap to achieve the goal. The Company received SBTi (Science Based Targets initiatives) approval for its reduction targets for FY2030 with respect to Scope 1 and 2 emissions (in line with 1.5°C scenarios) and Scope 3 emissions (GHG emissions by other companies associated with the business activities of the Company) (in line with well below 2°C scenarios). Since April 2022, the Company has disclosed relevant information based on the Task Force on Climate-related Financial Disclosure (TCFD) recommendations (response to climate change) on the Company's website. The Company has promoted its efforts including its overseas group companies by integrating management of climate change risks/opportunities into the risk management promotion system which comprehensively manages risks of the Company.</p> <p>As activities for promoting respect for human rights, the Company established its group policy and internal rules in 2022, and developed a system to promote respect for human rights. Under this system, the Company, as part of human rights due diligence, started evaluation of human rights risks of the Group and conducted surveys by using a SAQ (Self-Assessment Questionnaire) targeting its major group companies including those in Europe and the United States in FY2024. The Company intends to proceed with identification of human rights risks of the Group and further its efforts for respecting human rights as the Group. In addition, e-training was conducted targeting all employees with the aim of disseminating this system and related efforts. Since FY2023, the Company has started to conduct a sustainability evaluation targeting its business partners. The efforts including inspection, analysis, and feedback of the evaluation results for the first 10 suppliers in Japan have been completed. It is scheduled that business partners subject to evaluation will be newly selected, and the scope of the sustainability evaluation will be further expanded.</p> <p>Information regarding specific examples of measures taken regarding material issues is available in the Integrated Report issued every year (unissued for 2024) as well as on the Company's website.</p> <p>(Integrated Report) https://www.sumitomo-pharma.com/ir/library/annual (Sustainability site) https://www.sumitomo-pharma.com/sustainability (TCFD) https://www.sumitomo-pharma.com/sustainability/environment/tcf.html (Human Rights) https://www.sumitomo-pharma.com/sustainability/social/human_rights/</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company has prescribed its Basic Stance on Information Disclosure in the Information Disclosure Code as described below, which has been posted on its website: "In accordance with the policy stated in our Declaration of Conduct, we at Sumitomo Pharma proactively disclose information to the public and, under the recognition of the importance of transparency in earning society's trust, we work to disclose our corporate information in a timely, appropriate, and fair manner to our stakeholders."</p> <p>(Website) https://www.sumitomo-pharma.com/ir/managerial_policy/d_policy/</p>
Other	<p><<Ensuring Diversity in the Company and Ensuring Diversity in the Promotion to Core Human Resources, etc.>></p> <p>The Company believes that in order to achieve its Mission it is essential that respective employees make the most of their abilities without regard to their attributes such as gender and nationality or disabilities. Therefore, the Company</p>

proactively supports the growth of its employees and is committed to develop an environment where they can fully display their abilities. Information regarding specific measures and the status of implementation is available in the Integrated Report issued every year (unissued for 2024) as well as on the Company's website.

(Integrated Report)

<https://www.sumitomo-pharma.com/ir/library/annual>

(Website)

https://www.sumitomo-pharma.com/sustainability/social/diversity_inclusion.html

With respect to support for the active participation by women, the Company considers that achieving a ratio of men and women among its management positions equal to the ratio among its employees serves as one yardstick. The Company aims to increase the numbers of female employees who continue to work through life events such as marriage and childbirth and of female employees who are promoted to management positions. The percentage of women in management positions is rising. The Company has set a target of making the percentage of women in management positions 20% or higher by FY2027 (15.0% as of April 1, 2025), and continues to foster female employees to serve in management positions through various opportunities such as seminars for training female leaders. At the same time, the Company has a target for the percentage of male employees who take childcare leave (for at least five consecutive business days) at 100%, and has achieved the 100% target since FY2022. The Company continues to aim to create an environment which further supports respective employees to successfully balance their work and life.

The Company strives to gain personnel with high capacity and diverse experience without regard to their attributes such as gender and nationality or disabilities, and is proactively conducting mid-career recruitment in accordance with the needs from relevant departments. In addition, the Company introduced the Professional Human Resources System in FY2016, and has designated, among executive employees, those who deliver excellent results based on their capacity in organization management as PMs (Professional Managers: the management position/management professionals), and those who create value based on their high level of expertise as PCs (Professional Contributors: professionals of respective duties). In designating the titles of PMs and PCs, the Company considers that the most important factor is that relevant employees have the level of abilities and expertise that is appropriate as professionals. Therefore, the Company does not have any fixed targets for the percentages of foreign nationals and persons employed in mid-career, in management positions. As of April 2025, in management positions, the percentage of foreign nationals was 0.4% and the percentage of the mid-career hired employees was 18.8%.

The Company operates an extensive system that surpasses the statutory requirements as necessary, in terms of length of terms that the employees may obtain as childcare leave and family care leave, as well as various shorter work-hour systems which have been enhanced. The Company has also introduced the following various systems to support employees to successfully balance their work and life beyond their work without regard to gender and to provide an environment where the use of such systems will not be affected by the status of their family life:

- MR region selecting system under which MRs are transferred upon their marriage to enable them to live with their spouse, or the region in which they work is limited during the child-caring period (started in April 2016)
- Work-at-home system that employees can use without restriction on reason for use (started in October 2017)

- Same-sex partnership system, which provides equal treatment for same-sex partners and spouses (started in April 2020)
- Increase in the number of days (from five to 10 days) that are not deducted in the calculation of both salaries and bonuses for all employees who take childcare leave (started in April 2021)

As a result of such efforts, the Company received the following certifications:

- a 3-star "Eruboshi" (highest rank) for the excellent status of implementation of its efforts, etc. in encouraging participation and career advancement of women
- "Platinum Kurumin" for the excellence of its efforts to promote support for child rearing
- "Gold" in the PRIDE Index for its efforts for LGBTQ (in 2020, 2021, 2022, 2023 and 2024)

<<Investment in Human Capital>>

While cultivating a corporate culture where each employee independently works on developing their own abilities, the Company proactively supports the growth of employees and is committed to develop an environment where they can fully display their abilities. Such efforts include a career grade-specific training program for future leaders and management candidates and a DX personnel training aiming to develop personnel who resolve various issues through digital transformation.

Information regarding specific measures and the status of implementation is available in the Integrated Report issued every year (unissued for 2024) as well as on the Company's website.

(Integrated Report)

<https://www.sumitomo-pharma.com/ir/library/annual>

(Website)

<https://www.sumitomo-pharma.com/sustainability/social/education.html>

<<Investment in Intellectual Property>>

The Company invests profits gained from business activities in R&D, and is acquiring rights to inventions, etc. created in R&D activities in a proactive and strategic manner and is securing competitive advantage for its business.

Information regarding specific R&D expenses and their transition is available in the Integrated Report issued every year (unissued for 2024), and information regarding activities related to intellectual property rights is available on the Company's website.

(Integrated Report (Financial Highlights))

<https://www.sumitomo-pharma.com/ir/library/annual>

(Website)

https://www.sumitomo-pharma.com/sustainability/healthcare_innovation/intellectual_property.html

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company passed a resolution for and has been implementing the basic policy for establishment of a system to ensure the appropriateness of the business operations.

1. System to Ensure Compliance by the Directors and Employees of the Company with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties

- ① The Company shall establish the Compliance Standard and shall take measures to fully disseminate its corporate ethics in order to further ensure daily compliance pursuant to the Declaration of Conduct.

- ② As a system to promote compliance, the Company shall establish the Compliance Committee, in which the Executive Officer for Compliance will serve as the chairperson, and the Compliance Committee Secretariat, and shall appoint department heads as compliance promotion leaders.
- ③ The Company shall periodically hold meetings of the Compliance Committee, and shall keep track of the status of promoting compliance. The Compliance Committee shall appropriately provide a summary of the status to the Board of Directors.
- ④ The Compliance Committee shall formulate and carry out the annual policy of education and training for the Directors and employees.
- ⑤ The Company shall establish a compliance hotline inside and outside the Company that will serve as a window for reporting and consulting matters related to compliance. The Company shall not adversely treat persons who have reported or consulted such matters on the basis that they made such reports or consultation.
- ⑥ The Company shall establish a department that is in charge of internal auditing. The department shall audit the status of compliance, and shall appropriately report to the President and CEO, the Executive Officer for Compliance, the Board of Directors and the Audit and Supervisory Committee.

2. System for the Maintenance and Management of Information Concerning the Execution of Duties by the Directors of the Company

The Company shall establish internal regulations with respect to the handling of records and information, and shall appropriately maintain and manage information in connection with the execution of duties by the Directors.

3. Rules and Other Systems Regarding the Management of the Risk of Loss of the Company

- ① The Company shall establish the SMP Group Risk Management Policy that provides for basic thoughts of the Group with respect to risk management and shall conduct appropriate risk management.
- ② The Company shall establish the Risk Management Rules under which it is clarified that the President and CEO oversees risk management and shall develop systems to promote risk management for respective risks classified on the basis of risk characteristics. The status of operations in each system to promote risk management is periodically reported to the Board of Directors.
- ③ In order to minimize any effects of an emergency, which is likely to materially affect the management or business activities of the Company, the Company shall establish the Rules for Emergency Response and secure the continuity of management and business.

4. System to Ensure Efficient Execution of Duties by the Directors of the Company

- ① The Company shall establish internal regulations such as the Regulations of the Board of Directors, the Regulations of Duties and Authority, the Regulations on Organization and the Rules for Division of Duties, and shall clarify the rules regarding duties and authority, division of duties and decision making.
- ② The Company shall aim to realize speedy and efficient management by introducing an executive officer system.
- ③ The Company shall aim to promote speedy and efficient decision making by introducing an electronic approval system.

5. System to Ensure the Appropriateness of the Operations of the Corporate Group (consisting of the Company, its Parent Company and Subsidiaries)

(1) System to Ensure the Efficient Execution of Duties by Directors, etc. of Subsidiaries

The subsidiaries shall clarify the rules regarding duties and authority, division of duties and decision making.

(2) System Regarding the Report to the Company of Matters Related to the Execution of Duties by Directors, etc. of Subsidiaries

The Company shall establish internal regulations that provide for basic matters to promote appropriate group operations, and through commitment by the subsidiaries to comply with such regulations, shall receive from the subsidiaries, reports regarding material matters on management.

(3) Rules and Other Systems Regarding the Management of the Risk of Loss of Subsidiaries

- ① The subsidiaries shall develop systems to promote risk management in accordance with the types of their business and the characteristics of risks and shall conduct appropriate risk management.
- ② The Company shall govern risk management of the subsidiaries in general, and shall take necessary measures such as giving advice and instructions.
- ③ The Company shall develop necessary systems to promote risk management for risks the Group should cross-functionally address and shall enhance the Group's risk management.

(4) System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties

- ① The subsidiaries shall develop an appropriate system to promote compliance.
- ② The Company shall enhance compliance by the subsidiaries by periodically holding meetings, such as committee meetings, related to compliance, which the subsidiaries participate in.
- ③ The department in charge of internal auditing of the Company shall audit the status of compliance by the subsidiaries, and shall appropriately report to the President and CEO, the Executive Officer for Compliance, the Board of Directors and the Audit and Supervisory Committee of the Company.

(5) Other Systems to Ensure the Appropriateness of the Operations of the Corporate Group (consisting of the Company, its Parent Company and Subsidiaries)

- ① The Company shall ensure its independence and shall develop an autonomous internal control system, while respecting the group operation policy of Sumitomo Chemical Co., Ltd., the parent company.
- ② The Company shall appropriately conduct transactions with the parent company by ensuring the fairness and rationality of transactions.

6. System to Ensure Effective Implementation of Audits by the Audit and Supervisory Committee

(1) Matters Concerning Directors and Employees Assigned to Assist the Audit and Supervisory Committee in the Execution of Their Duties, Matters Concerning the Independence of Such Directors and Employees from the Directors (excluding such Directors and Directors who are Audit and Supervisory Committee Members) of the Company and Matters for Ensuring the Effectiveness of Instructions Given by the Audit and Supervisory Committee to Such Directors and Employees

- ① The Company shall assign one or more Audit and Supervisory Special Officers, as employees who are independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee. Decisions on appointment and dismissal of the Audit and Supervisory Special Officers shall be made based on the resolution of the Board of Directors, with the prior consent of the Audit and Supervisory Committee. Matters concerning remuneration of the Audit and Supervisory Special Officers shall be determined with the prior consent of the Audit and Supervisory Committee.
- ② The Company shall establish the Audit and Supervisory Committee Office and assign one or more full-time staff members as employees who are independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee and serve as administrative staff of the Audit and Supervisory Committee. Decisions on transfer and evaluation of such staff members will be made upon consultation with the Audit and Supervisory Committee and by respecting its opinions.

(2) System for the Directors and Employees to Report to the Audit and Supervisory Committee

The Company shall establish procedures or the like with respect to reports by the Directors and employees of the Company to the Audit and Supervisory Committee, and shall provide information needed by the Audit and Supervisory Committee in a timely and appropriate manner.

(3) System for the Directors, Audit & Supervisory Board Members, Members Who Execute Operations and Employees of Subsidiaries, or Persons Who Receive Report from the Same, to Report to the Audit and Supervisory Committee of the Company

The Company shall establish procedures or the like with respect to reports by the directors or the like of its subsidiaries to the Audit and Supervisory Committee, and shall provide information needed by the Audit and Supervisory Committee in a timely and appropriate manner.

(4) System to Ensure That Persons Who Have Made Reports As Provided in the Immediately Preceding Two Paragraphs Will Not Receive Any Adverse Treatment for Having Made Such Reports

The Company shall not adversely treat persons who have made reports as provided in the immediately preceding two paragraphs on the basis that they made such reports.

(5) Matters Concerning the Procedures for Advance Payment or the Reimbursement of Expenses Incurred in Relation to the Execution of the Duties by the Audit and Supervisory Committee Members and Any Other Policy for Processing of Costs and Obligations Incurred in Relation to the Execution of Their Duties

The Company shall process the costs and obligations incurred in relation to the execution of duties by the Audit and Supervisory Committee Members in a timely and appropriate manner by respecting their opinions.

(6) Other Systems to Ensure Effective Implementation of Audits by the Audit and Supervisory Committee

- ① The Company shall periodically hold meetings between the Audit and Supervisory Committee and the Representative Directors, between the Audit and Supervisory Committee and the department in charge of internal auditing, and among the three parties of the Audit and Supervisory Committee, the department in charge of internal auditing and the Accounting Auditor.
- ② The Audit and Supervisory Committee shall receive reports of auditing plans and auditing results from the department in charge of internal auditing, and may as necessary, request investigation or give specific instructions to the department in charge of internal auditing. In case of any inconsistency between the instructions to the department in charge of internal auditing given by the President and CEO and those given by the Audit and Supervisory Committee, the instructions given by the Audit and Supervisory Committee shall prevail.
- ③ If there is any request from the Audit and Supervisory Committee regarding the duties of the Audit and Supervisory Committee Members, the Company shall respect such request and shall respond to such request in a timely and appropriate manner.

7. Elimination of Anti-Social Forces

The Company shall keep its Directors and employees thoroughly informed to take decisive actions against anti-social forces, and shall promote efforts aimed at cutting off any and all relationships with such forces.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company specifies in its Declaration of Conduct to cut off all relationships with anti-social forces, which threaten the order and safety of civil society, and promotes the elimination of such forces through measures including working to raise the awareness of employees through in-house seminars and other activities and concluding a memorandum of agreement regarding the elimination of anti-social forces with its business partners.

With the Corporate Governance as the department in charge of the Company's response, the Company strives to improve its ability for response by strengthening cooperation with corporate defense councils and the National Center for the Elimination of Boryokudan.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

As the Company has the parent company, no special measure is currently taken.

2. Other Matters Concerning the Corporate Governance System

<<Overview of System for Timely Disclosure>>

Pursuant to the Information Disclosure Code that prescribes such matters as standards and procedures for disclosing information, the Company discloses corporate information in a timely, appropriate and fair manner. The system for timely disclosure of information is prescribed as follows:

(1) Disclosure of Decisions

The decisions, set forth in the rules of the Tokyo Stock Exchange for timely disclosure (the "Timely Disclosure Rules"), are immediately disclosed as soon as such decisions are made by the Board of Directors or other decision making bodies (including decision making bodies of subsidiaries). The details of the matters to be disclosed are determined by the Vice President, Head of Corporate Governance, upon discussion with heads of other relevant departments.

(2) Disclosure of Facts Which Occurred

The facts which occurred, set forth in the Timely Disclosure Rules, are promptly disclosed after the occurrence of the said facts. The details of the matters to be disclosed are determined by the Vice President, Head of Corporate Governance, upon discussion with heads of other relevant departments.

(3) Disclosure of Account Settlement Information

The account settlement information, set forth in the Timely Disclosure Rules, is immediately disclosed after the resolution of the Board of Directors. The details of the matters to be disclosed are discussed by the Vice President, Head of Corporate Governance, the Vice President, Head of Global Corporate Strategy, and the Vice President, Head of Global Finance. The details of the matters to be disclosed relating to financial result summaries and other related matters are determined by the Vice President, Head of Global Finance, and revision of financial forecasts and dividend forecasts and other related matters are determined by the Vice President, Head of Global Corporate Strategy, respectively.

(4) Information Other Than Information to be Timely Disclosed

The Company discloses information necessary for stakeholders to correctly understand the Company in principle. The necessity of disclosure and the details and time of disclosure are determined by the Vice President, Head of Corporate Governance, upon discussion with heads of other relevant departments.

[Framework of the Corporate Governance System]

