

Passion for Innovation.
Compassion for Patients.™



FY2023 ESG Briefing

February 29, 2024

DAIICHI SANKYO CO., LTD.

Forward-Looking Statements

Management strategies and plans, financial forecasts, future projections and policies, and R&D information that Daiichi Sankyo discloses in this material are all classified as Daiichi Sankyo's future prospects. These forward-looking statements were determined by Daiichi Sankyo based on information obtained as of today with certain assumptions, premises and future forecasts, and thus, there are various inherent risks as well as uncertainties involved. As such, please note that actual results of Daiichi Sankyo may diverge materially from Daiichi Sankyo's outlook or the content of this material. Furthermore, there is no assurance that any forward-looking statements in this material will be realized. Regardless of the actual results or facts, Daiichi Sankyo is not obliged and does not have in its policy the duty to update the content of this material from the date of this material onward.

Some of the compounds under discussion are investigational agents and are not approved by the FDA or any other regulatory agency worldwide as a treatment for indications under investigation. Efficacy and safety have not been established in areas under investigation. There are no guarantee that these compounds will become commercially available in indications under investigation.

Daiichi Sankyo takes reasonable care to ensure the accuracy of the content of this material, but shall not be obliged to guarantee the absolute accuracy, appropriateness, completeness and feasibility, etc. of the information described in this material. Furthermore, any information regarding companies, organizations or any other matters outside the Daiichi Sankyo Group that is described within this material has been compiled or cited using publicly available information or other information, and Daiichi Sankyo has not performed in-house inspection of the accuracy, appropriateness, completeness and feasibility, etc. of such information, and does not guarantee the accuracy thereof.

The information described in this material may be changed hereafter without notice. Accordingly, this material or the information described herein should be used at your own judgment, together with any other information you may otherwise obtain.

This material does not constitute a solicitation of application to acquire or an offer to sell any security in the United States, Japan or elsewhere.

This material disclosed here is for reference purposes only. Final investment decisions should be made at your own discretion.

Daiichi Sankyo assumes no responsibility for any damages resulting from the use of this material or its content, including without limitation damages related to the use of erroneous information.

Agenda

- 1 ESG Management and Materiality Management**
- 2 Human Capital**
- 3 Patient Centricity / Access to Healthcare / Environment**
- 4 Corporate Governance**



Agenda

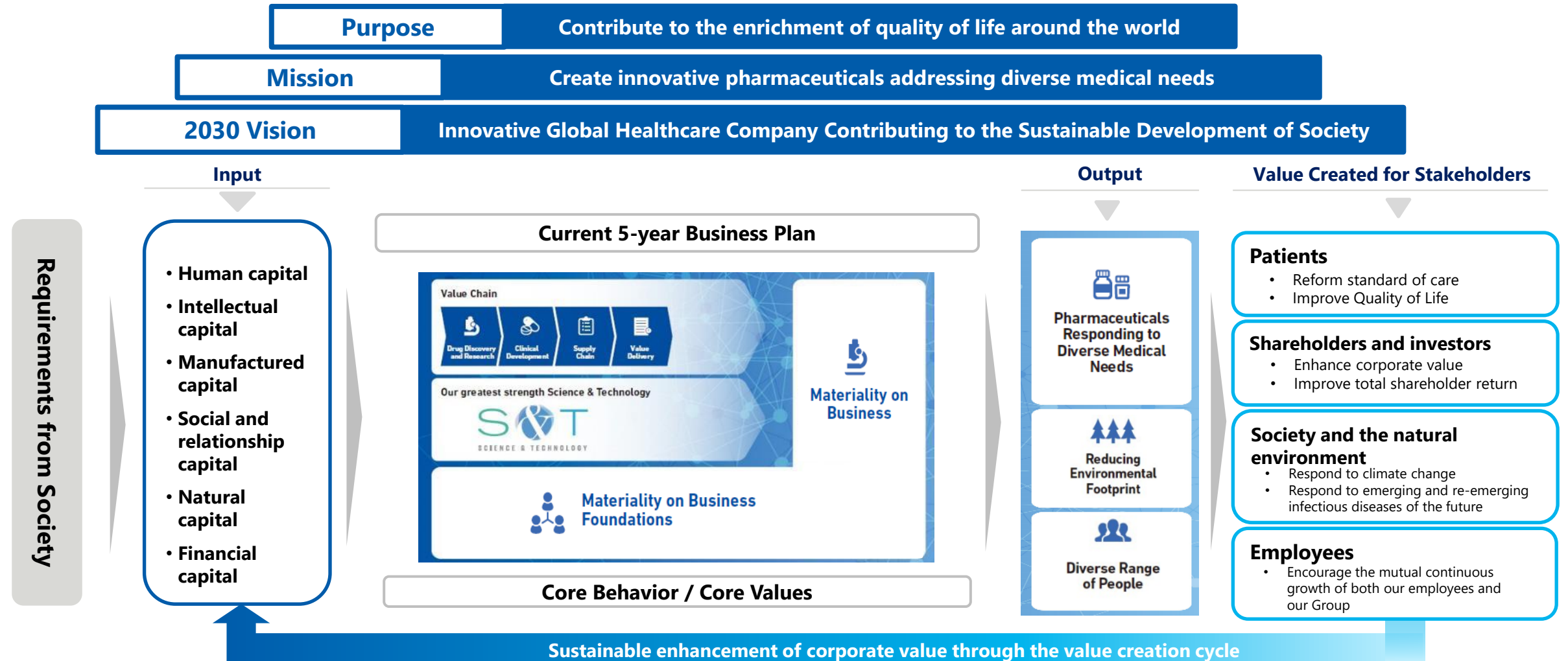
1 ESG Management and Materiality Management

We are promoting ESG management that balances corporate and social sustainability by creating shared value with our stakeholders.



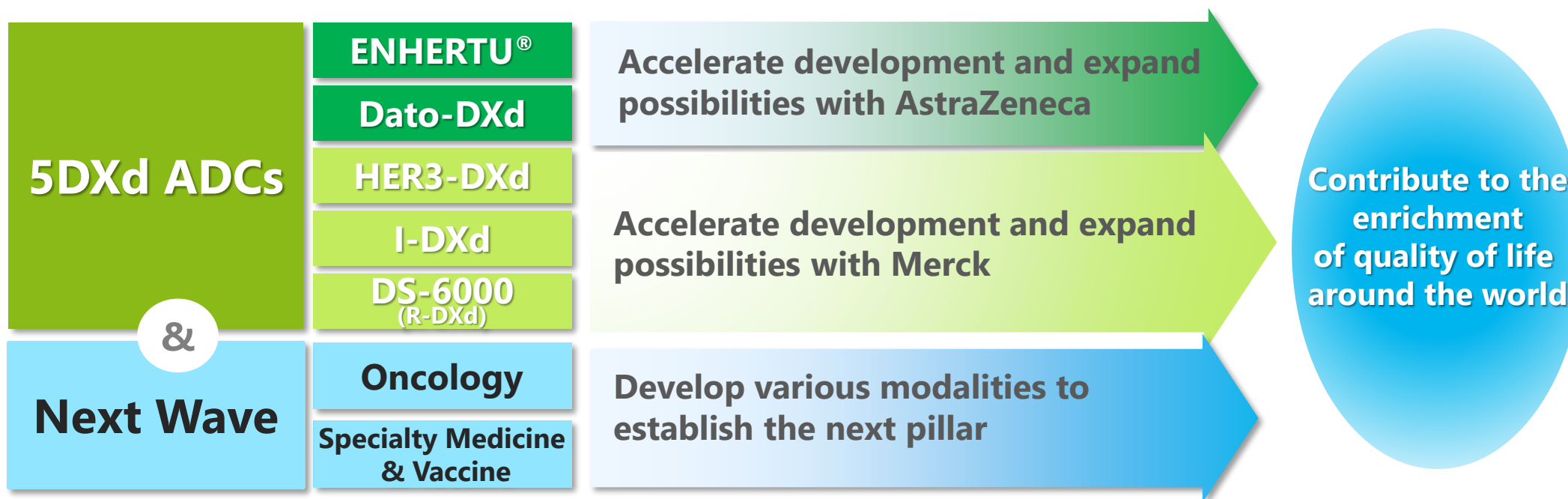
Value Creation Model that Harnesses Our Strength in Terms of Science & Technology

By utilizing Science & Technology—the source of our competitive advantage, we strive to continuously provide social and economic value to stakeholders including the creation of innovative pharmaceuticals and other various initiatives. This commitment strengthens our competitiveness and contributes to the sustainable development of society.



Deliver Innovative Pharmaceuticals to Patients around the World (Create Social Value)

We will deliver innovative pharmaceuticals to more patients faster by forming strategic alliances with AstraZeneca and strategic collaboration with Merck & Co., Inc. of Rahway, NJ, USA (Merck) and further strengthening our R&D and stable supply systems.



◆ Strengthen R&D system

- Transfer DSRDN* functions, which have played a role in drug discovery and research at Daiichi Sankyo, to Daiichi Sankyo's R&D Division to strengthen the R&D system

◆ Strengthen stable supply system

- Integrate DSPP** and DSCP***, which manufacture pharmaceutical products and investigational drugs, with Daiichi Sankyo
- Consolidate production technology and capabilities to formulate and execute integrated strategies from development to commercialization and achieve agile decision-making

Promote ESG Management through Materiality Management

Materiality targets are being progressed mostly according to plan.

◆ Major additions and changes to our KPIs in FY2023

Materiality on Business

[Creating Innovative Pharmaceuticals] Additional KPI
Cumulative number of designations to the priority review system

*Compliance violations which occur in domestic and overseas group companies are regarded as significant when disclosure under the relevant laws or regulations is required by the DS Group
**Cases where there have been healthcare-related findings by the pharmaceutical regulatory authorities and industry-related organizations that may materially discredit or reduce confidence in Daiichi Sankyo Group of companies

◆ Major KPI results to date (▶ [List of Materiality](#))

Materiality on Business

Creating Innovative Pharmaceuticals	Our development, including applying for new Enhertu® indications, went according to plan. Number of designations to the priority review system: 24 (Cumulative total from FY2021 to Q2 FY2023)
Providing a Stable Supply of Top-Quality Pharmaceutical Products	Decided to invest in expanding our supply capacity to respond to predicted ADC demand (Cumulative total from FY2021 to Q2 FY2023: 279.7 billion yen)
Providing the Highest Quality Medical Information	Received recognition for our approach in providing medical information in Japan
Improving Access to Healthcare	Enhertu® marketed in 48 countries and regions and available to approx. 39,000 people (as of October 31, 2023) [Slide 24] Daichirona® Omicron variant XBB.1.5-containing monovalent vaccine supply (Q3 FY2023)

Materiality on Business Foundations

[Promoting Environmental Management] Additional KPI target
Ensuring that at least 70% of our business partners (Scope 3, Category 1) set targets at the 1.5°C level (the SBT level) **[Slide 27-28]**

[Promoting Compliance Management] Change in wording of KPI
Number of significant compliance violations*
Number of Notable Industry Code Violations (NICV)**

Materiality on Business Foundations

Promoting Environmental Management	CO ₂ emissions (Scope1+2) reduced by 49.6% compared to FY2015 Renewable electricity utilization rate: 78.1% (FY2022)
Promoting Compliance Management	Percentage of positive responses to employee survey on corporate culture: 86% (FY2023)
Corporate Governance	Revision was made to items to be discussed and reported by the Nomination Committee, and partial amendment to Nomination Committee Regulations.
Promoting the Success and Development of a Diverse Range of People	Percentage of positive responses to engagement survey of all DS Group employees in relation to our corporate culture and work environment: 77% (FY2022) Percentage of female in senior managerial employees: 19.2% (FY2022)

Contributions to a Society where Healthcare as a Service (HaaS) has been Realized

We will lead the development of a total care ecosystem and a total care platform to contribute to a society where HaaS has been realized and that provides optimal services tailored to each individual's Life Journey.

Contribute to the development of a total care ecosystem and a total care platform centered on our strength of Science & Technology



*Software as a Medical Device: Stand-alone software used for medical purposes
 **Digital Therapeutics: Software or hardware with evidence and regulatory approval

Agenda

② Human Capital

To realize our Purpose, we will expand our human capital, our most important capital, through a human resources strategy linked to our management strategy.



Human Capital, Our Most Important Capital

We are working to expand our “Human capital to be strengthened,” regarding it as the most important capital for the realization of our Purpose.

Competitive Edge

Transformation



**Most Important Capital =
Human Capital**

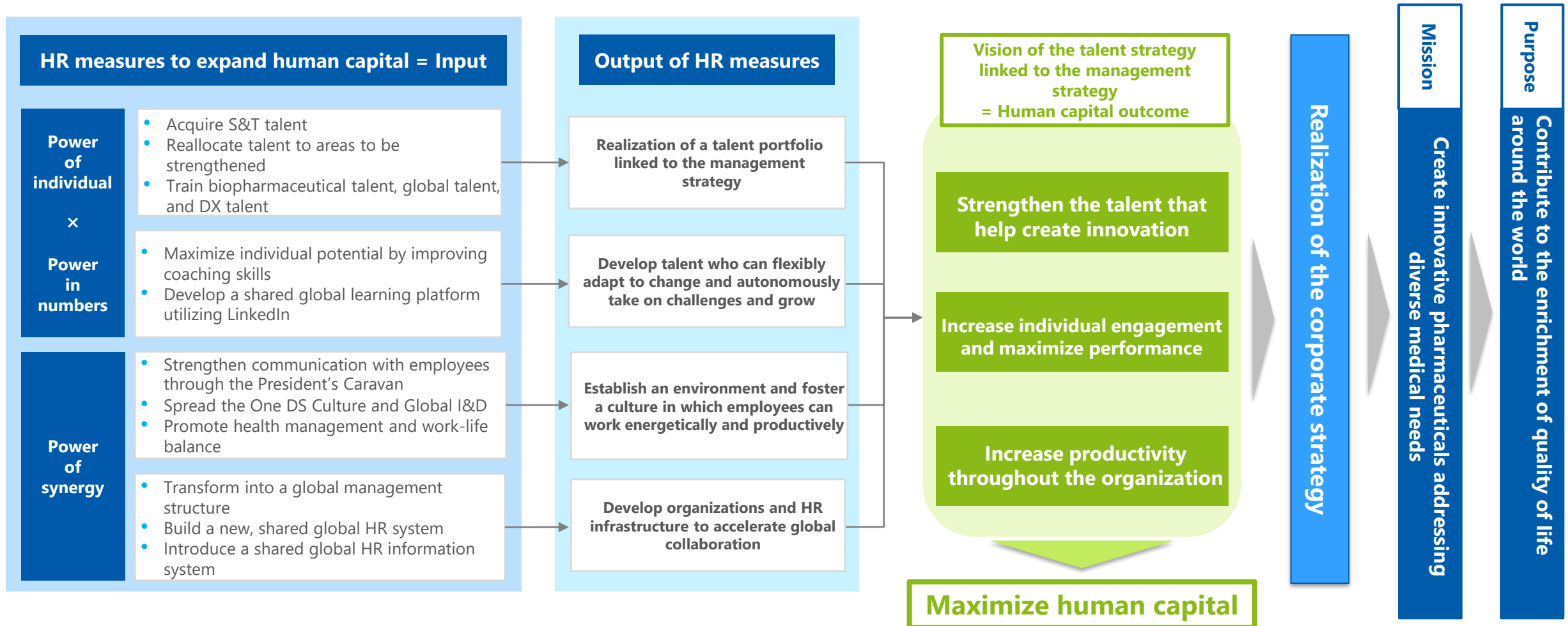
Purpose	Contribute to the enrichment of quality of life around the world
Mission	Create innovative pharmaceuticals addressing diverse medical needs

Human capital to be strengthened

- Power of individual**
Continually growing individual strengths
- Power in numbers**
Continuous supply of human resources to areas to be strengthened
- Power of synergy**
Culture and systems that create synergy among individuals and organizations

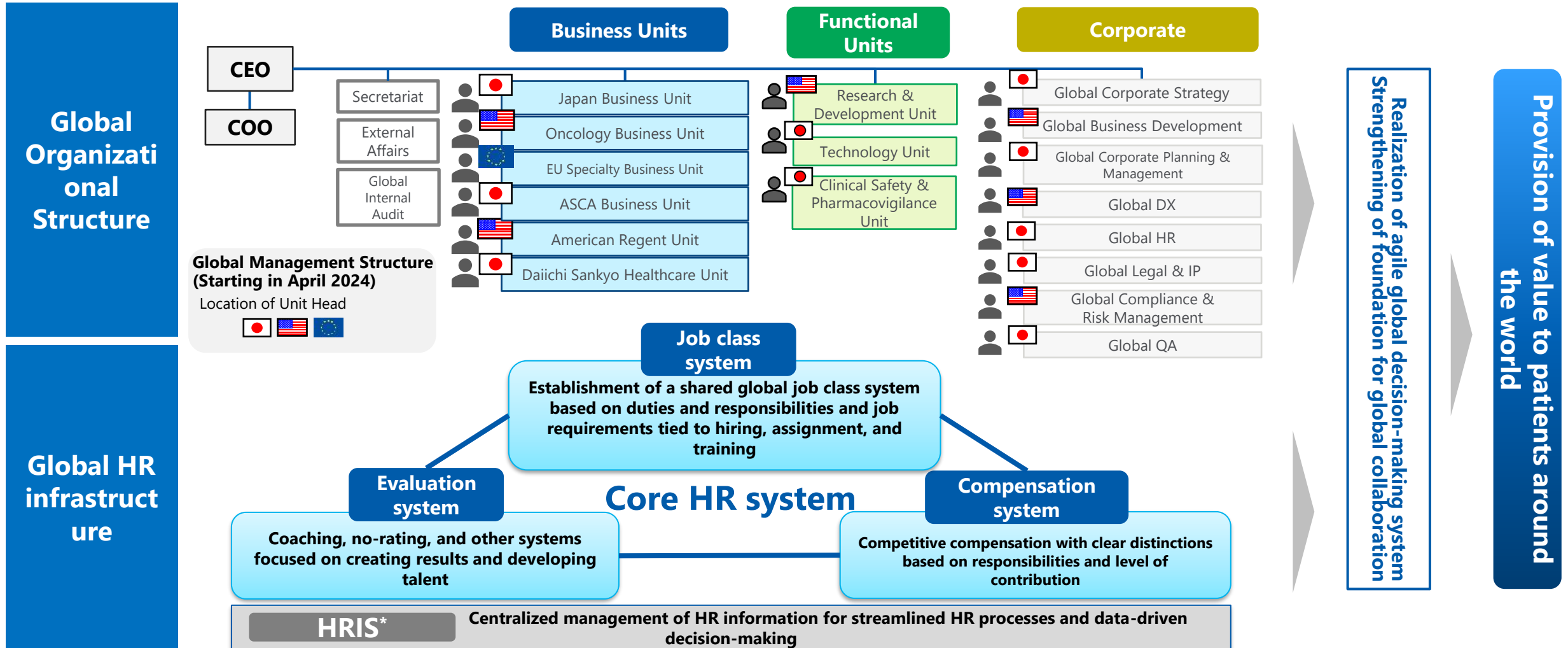
Enhancing Human Capital to Realize Our Purpose

Based on the linkage between HR measures(input) and the desired state of human capital strategy (outcome), we will set KPIs for each element, verify the effectiveness of the policies, and further enhance human capital expansion measures.



Building an Organizational Structure and HR Infrastructure to Accelerate Global Collaboration

We are establishing an organizational structure and building an HR framework and system to realize agile global decision-making and strengthen the foundation for global collaboration.

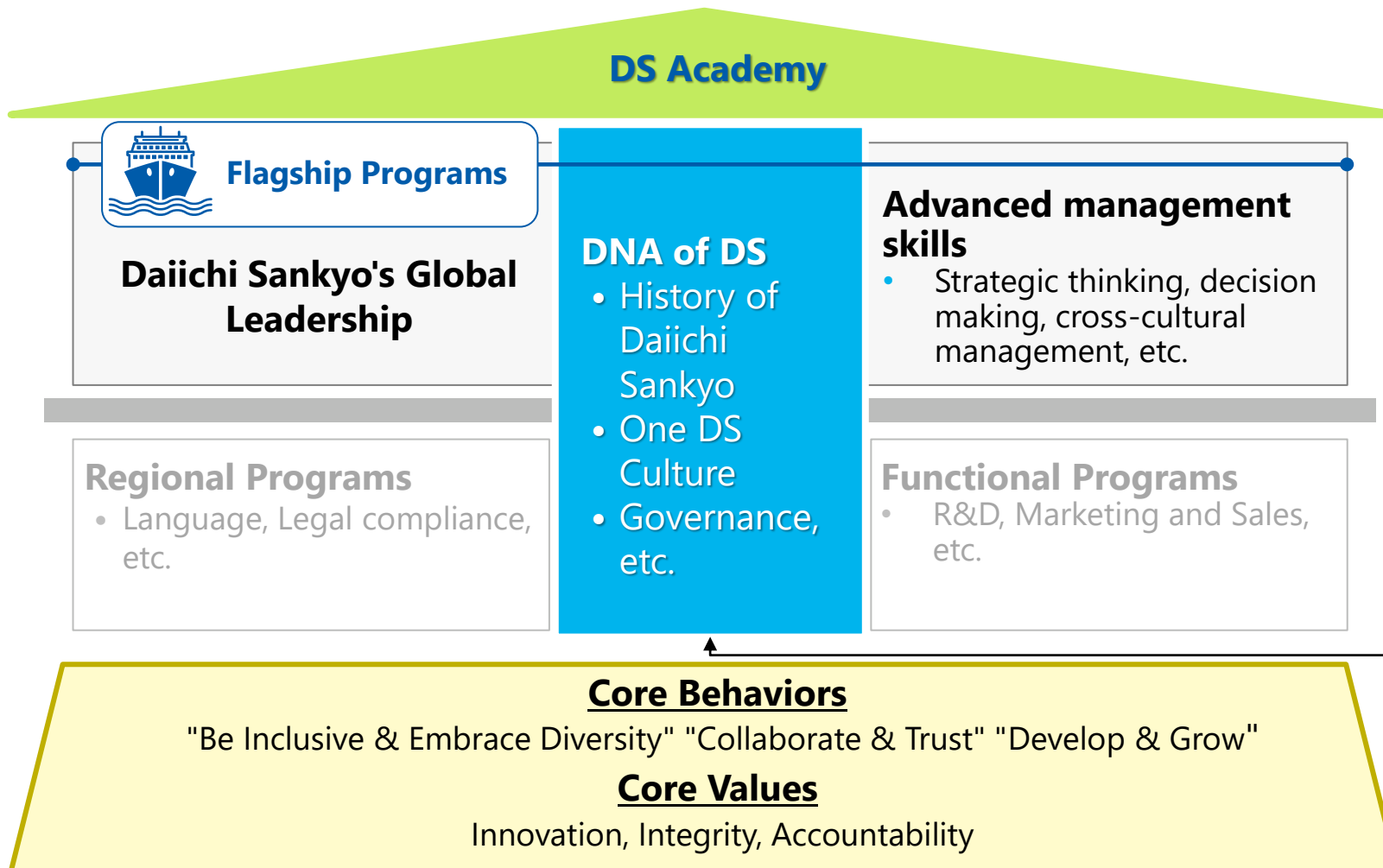


* Human Resource Information System

Promoting the development of global leaders



From April 2024, "DS Academy" will be established as a platform to promote Develop & Grow, and Managing Executive Officer Koji Ogawa (CFO) has been appointed as the first principal to further develop global leaders.



Encourage global leadership candidates to acquire the leadership and management skills necessary to become leaders

- Planning a program that combines off-the-job training and on-the-job training

Ensure that all employees can take the DNA of DS program and pass it on to future generations.

- Expansion of video content related to the history of DS and Culture

Scheduled to begin with flagship program for global leaders in April 2024

We are promoting the Global Culture Initiative to instill the One DS Culture in all employees.

Main elements of the Global Culture Initiative in FY2023

- Implementation of workshops and training for global leaders and Culture Ambassadors
- Production of a six-video series that allows viewers to experience the DS DNA and roll-out to all global employees
- Recognition of the employees who most embody the three Core Behaviors among all global employees
- Implementation of global engagement survey to measure the penetration of the One DS Culture



<FY2022 global survey results>

	Category	Item	Score	Difference from benchmark	Vs. FY2021
Core Behavior	Be Inclusive & Embrace Diversity	Sense of belonging	75	+2	+1
		Respect for opinions	68	-2	+3
		Equal opportunity	68	-5	+5
	Collaborate & Trust	Trust in team	79	+1	+2
		Transparency	68	-3	+3
		Collaboration	64	-4	+1
	Develop & Grow	Learning from failure	59	-11	+2
		Feedback	74	-3	+5
		Growth opportunities	75	+3	+4

Identified as a group-wide issue



Fostering a culture of learning from failure

- **Bring in management for discussions on issue analysis and consideration of initiatives**, define Learning Review (ensuring time for reflection on successes and failures) as a global commitment, and roll out a global campaign

Optimizing Personnel and Structures According to Changes in Business Environment

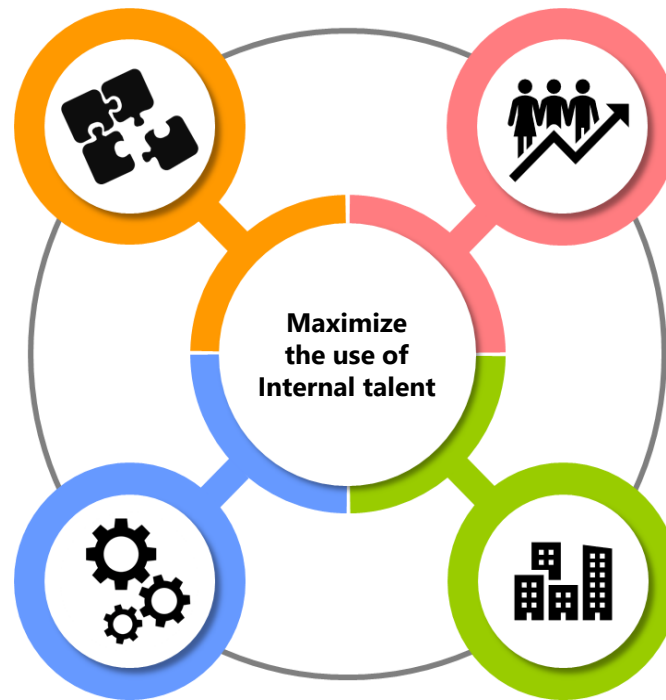
We are engaged in reskilling, reallocating employees to areas to be strengthened, and reorganizing group companies to maximize the use of internal talent, as the skills required of employees change along with rapid changes in the business environment.

Reallocation of personnel to areas to be strengthened

- **Reallocate personnel to the Technology Unit, DX area, etc.**
- **Motivate employees and provide opportunities to encourage them to take on new work challenges**

Reorganization to meet business needs

- **Transfer of DSEP^{*1} shares (outside of Group)**
- **Transfer necessary functions of DSRDN^{*2} to Daiichi Sankyo to strengthen R&D functions**
- **Strengthen manufacturing functions in conjunction with absorption of DSPP^{*3} and DSCP^{*4} that manufacture ethical drugs/ investigational drugs into Daiichi Sankyo**



Training of specialized talent

- **Enhancement of training for biopharmaceutical talent, global talent, and DX talent**
- **Fostering a “culture of learning” and a “culture of training”**

Workplace environment improvement initiative

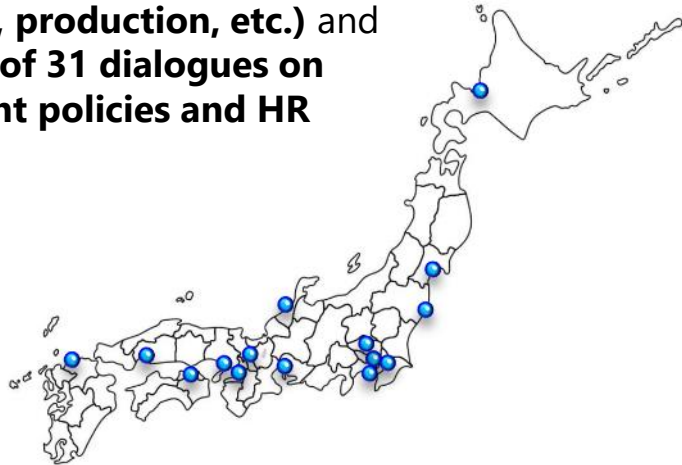
- **Review measures for improving the manufacturing workplace environment that leads to employee engagement**

Implementing the President's Caravan at Each Location

As a priority activity after assuming the position of president, the company first held the "President's Caravan" for business sites in Japan to communicate management policies and expectations to employees at each site, and to improve engagement through dialogue.

Location of President's Caravan

In FY2023, the President directly visited all locations in Japan (sales, R&D, production, etc.) and held a total of 31 dialogues on management policies and HR measures



President's Caravan to be held at overseas locations starting this January

Content of dialogue (excerpt)



Words that I cherish

Accountable Mindset

Willing to act **proactively** with a **sense of ownership** until the current situation is **overcome** and the desired result is **achieved**

Management's thinking

Human capital expansion measures for achieving 5-year business plan

Human capital and intellectual capital, indispensable for the sustainable growth of our company's value.

Human Capital	Intellectual Capital
<ul style="list-style-type: none"> Number of employees: 18,000 (Global locations in 26 countries/regions, as of April 1, 2023) Organizational culture that encourages diverse human resources to be highly engaged and active Diverse human resources that create competitiveness and superiority 	<ul style="list-style-type: none"> Oncology and other pipelines Technology and know-how for drug discovery Accumulated drug information
<ul style="list-style-type: none"> Actively recruit and develop human resources in line with our business strategies Provide opportunities for Improve diversity of human resources Improve engagement Promote work life cycle 	<ul style="list-style-type: none"> Establishment of the Group's proprietary ADC

Key Themes

Expectations of employees at each location

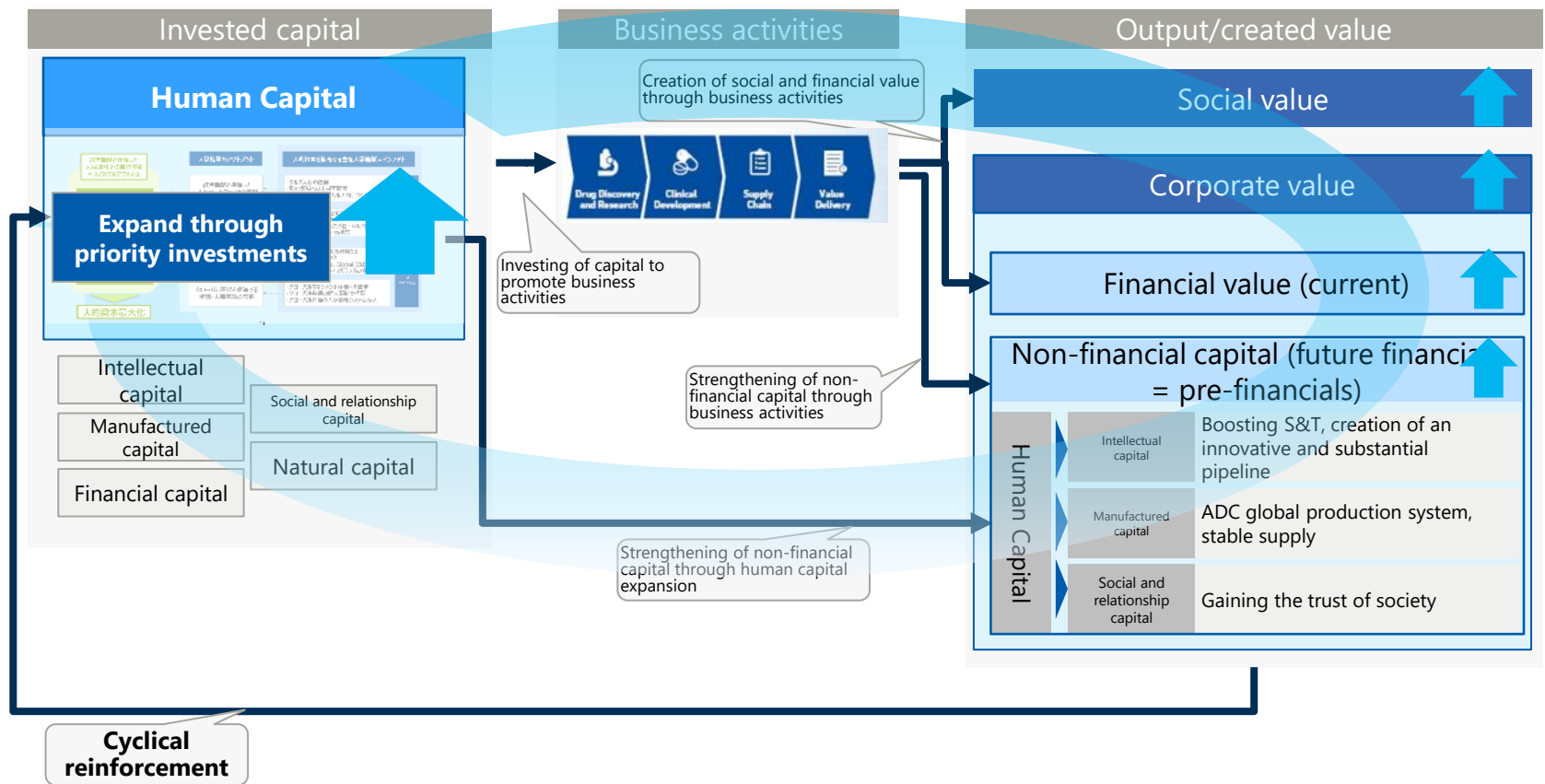
Expectations for Odawara Plant and Technical Department Members

- Stable supply of high-quality products that form the foundation of our business
- Fostering a Quality Culture and a culture of growth
- Transformation into a more efficient organization, including biopharmaceutical production, as the core of the Daiichi Sankyo Group's production function

Our Human Capital Management Cycle

We will continuously expand our capital by maximizing human capital and promoting business activities to further strengthen the cycle of sustainable value creation.

Human Capital Management Cycle



Looking Ahead to the Future

Closely examine the link between human capital measures and corporate value to effectively promote expansion of human capital

- Strengthen initiatives for HR measures linked to business strategies (human capital expansion) and visualize the effects of investment.
- Continuously implement the PDCA cycle in our HR strategy based on dialogue with stakeholders and KPI monitoring.

Agenda

3 Patient Centricity / Access to Healthcare / Environment

We promote value co-creation initiatives with patients and other stakeholders to create social value



Patient Centricity Initiatives

With "Passion for Innovation. Compassion for Patients" at the core of our corporate activities, we are promoting Patient Centricity activities throughout our value chain, which will be further strengthened with the appointment of Executive Officer Shizuko Ueno as Patient Centricity Special Assignment* in April this year.

*Role to oversee and integrate overall Patient Centricity initiatives

「Passion for Innovation. Compassion for Patients.®」

Shizuko Ueno
Patient Centricity
Special Assignment



Patient-oriented value chain activities and creating shared value with patients

Listening to patients' voices, **promoting PPI¹ in everything from R&D to post-marketing activities**, and providing information to patients, and support their activities.

Example ①

◆ Understand unmet medical needs (COMPASS² activities)

◆ **Promote utilization of PRO³ in clinical trials** Example ②

◆ **Promote patient-focused drug development (PFDD⁴)** Example ③

- Prepare straightforward and easy-to-understand clinical trial-related explanatory documents
- Send thank you letters to participants
- Prepare and publish Plain Language Summary⁵ of clinical trial results

◆ Develop new patient-oriented dosage forms, combination drugs, and LCM formulations, and improve packaging

◆ Direct to patient activities: Supply investigational drugs to the homes or nearby facilities of patients who are unable to go to hospitals due to infectious disease outbreaks or other circumstances

◆ Provide evidence for efficacy, safety, etc. according to the needs of healthcare professionals and patients and implement a drug risk management plan (RMP⁶)

◆ Provide medication assistance and respond to inquiries from healthcare professionals and patients

◆ Implement an EAP⁷ and patient support program

◆ **Collaboration with patient groups and patient advocacy activities** (Solutions to problems related to policies and programs from the patient's perspective, support for the educational activities of patient groups, etc.) Example ④

¹ Patient Public Involvement

² Compassion for Patients Strategy activities: An initiative to understand the realities of disease and treatment and the needs of patients through activities that promote interaction between patients and employees

³ Patient-Focused Drug Development

⁴ Patient Reported Outcome: Patient-perspective endpoints focusing on QoL and patient experience

⁵ A summary of clinical trial results written in plain, easy-to-understand language

⁶ Risk Management Plan

⁷ Expanded Access Program: A program for providing unapproved drugs for clinical trials conducted from a humanitarian standpoint

Initiatives Aimed at Creating Shared Value with Patients ①

Example ① Creating shared value with multi-stakeholders for a better healthcare environment



Joint message from a meeting of top executives of two patient groups and three pharmaceutical companies

- Through the **development of PPI¹**, we will continue to expand opportunities for multi-stakeholder dialogue, including patients, patient groups, medical professionals, government authorities, and pharmaceutical companies, to co-create a better healthcare environment.

1 Patient Public Involvement

Example ② Promotion of utilization of Patient Reported Outcomes (PRO) in clinical trials

Initiative to incorporate **the subjective evaluation of participants (symptoms, QoL², etc.) in addition to traditional medical evaluation**

- In the DESTINY-Breast 03 (ESMO BC 2022), DB02 (ESMO BC 2023), and DB04 (ESMO 2022) trials, the overall hazard ratio for QoL² remained longer in the Enhertu group than in the treatment of physician's choice group, indicating significantly controlled and improved results in health conditions including pain

2 Quality of Life

Example ③ PFDD³ activities to promote the realization of patient-focused clinical development

PFDD Framework unique to Daiichi Sankyo

Permanent CRC⁴ Board

Collaboration with organizations with patient associations and patient networks

Sharing of clinical trial information with patients who participated

Hear feedback from the patient's perspective from the patient advocate

Hear patient's voice from patients

Deliver information to **patients** from Daiichi Sankyo

Conduct interviews and surveys via patient support groups or healthcare providers with patient panels

Prepare and publish Plain Language Summary of clinical trial results and send thank you letters

3 Patient-Focused Drug Development, activities that incorporate and promote the experiences, perspectives, needs, and priorities of patients into the process of conceptualizing drug development, planning and conducting clinical trials, and submitting applications for approval 4 Clinical Research Coordinator

Example ④

Patient Advocacy activities at Global Oncology Medical Affairs (GOMA)

◆ Established Patient Advocacy Group in Global Oncology Medical Affairs under Oncology Business Unit to promote **Patient Advocacy** activities (activities to solve problems from the perspective of patients in terms of policies and systems).

◆ Roles of Patient Advocacy Group

- Familiarizing cancer patients and specialist communities with our initiatives and strengthen relationships
- Bridging the information gap for patient groups, advocacy groups, and others related to clinical trials
- Assessing current obstacles to treatment and providing support to resolve them
- Encourage the patient perspective toward researchers
- Fostering a patient centric mindset etc. within the Group and promote global efforts

【Initiatives】

- Development of strong partnerships with advocacy groups



- Hold Patient Advisory Board meetings for clinical trials
- Clinical and observational studies and investigator-initiated clinical trials leading to clinical trials
- Implementation and support of the Expanded Access Program, etc.
- Operation of Patient Focused Forum as a linking function of Patient Advocacy Groups in different countries
- Volunteering to give patient lectures to employees and to backup support groups

Purpose

**Contribute to the enrichment
of quality of life around the world**

Developed
countries
1.3 billion
people



Developing countries
6.7 billion people



Establish measures and goals for improving access to healthcare in both developed and developing countries and address the healthcare needs of more patients

Daiichi Sankyo Group Policy on Access to Healthcare

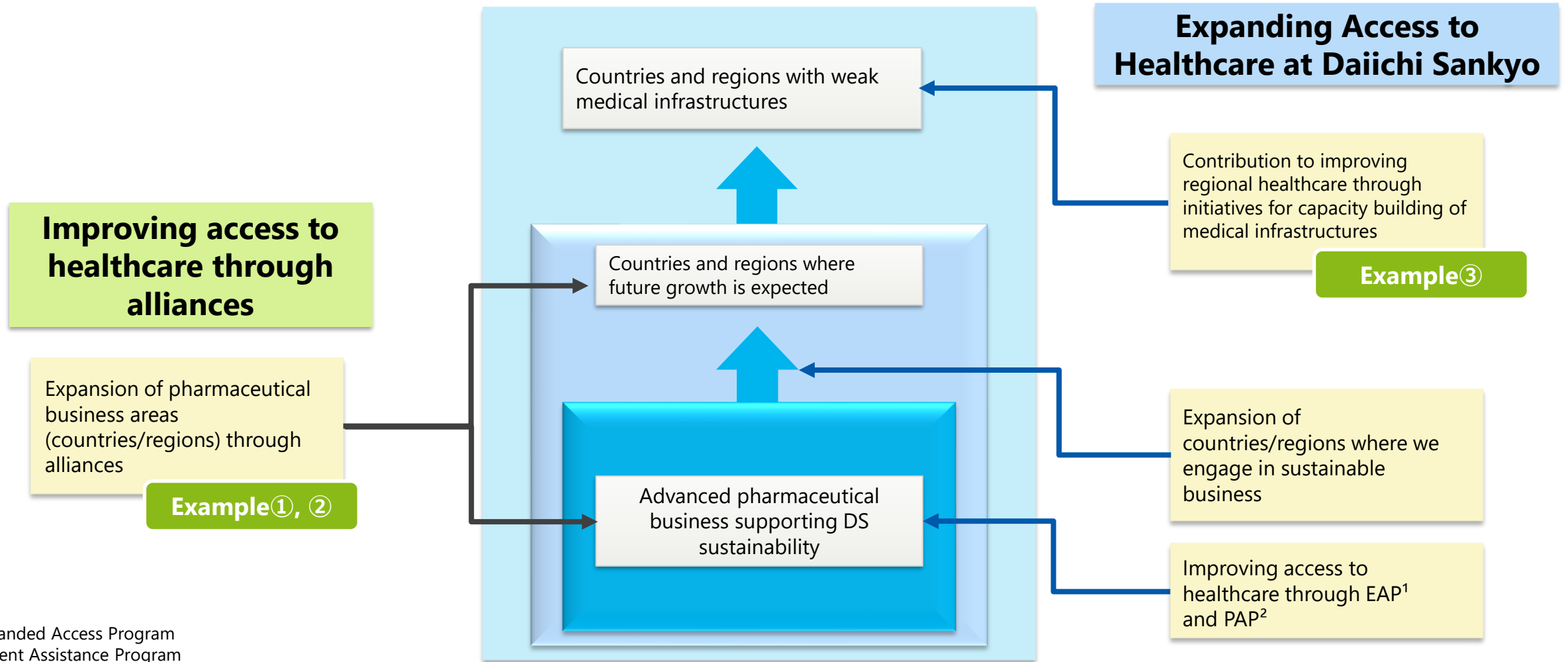
Research & Development

Availability

Capacity Building

Approach to Improving Access to Healthcare

Our strength at Daiichi Sankyo lies in our product portfolio and R&D pipeline of advanced oncology drugs, and we will work on improving healthcare access to these products.



1 Expanded Access Program
2 Patient Assistance Program

Improving Access through Alliance with AstraZeneca

◆ Initiatives to maximize value

- Maximizing the value of Enhertu[®] and Dato-DXd through a strategic alliance with AstraZeneca is a good example of improving access to healthcare
- The alliance allows us to deliver Enhertu[®] and Dato-DXd to patients in more countries and regions faster
- In AstraZeneca's territory, Daiichi Sankyo is responsible for production and supply and contributes to improving access to healthcare

◆ Improving access of Enhertu[®]

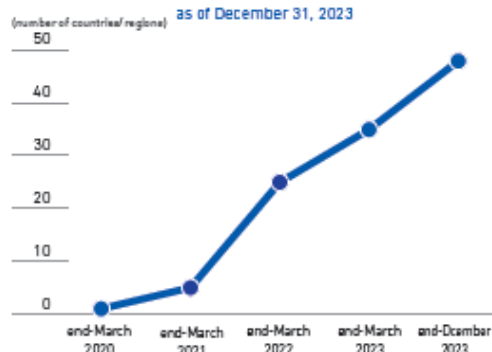
Expanded indications

- HER2 positive metastatic breast cancer second- and third-line treatment
- HER2 low metastatic breast cancer (post-chemotherapy treatment)
- HER2 positive advanced gastric cancer second- and third-line treatment
- HER2 mutant metastatic non-small cell lung cancer second-line treatment

(Approved indications as of end-June, 2023)

Expanded number of launched countries/regions

Cumulative total of 48 countries/regions
as of December 31, 2023

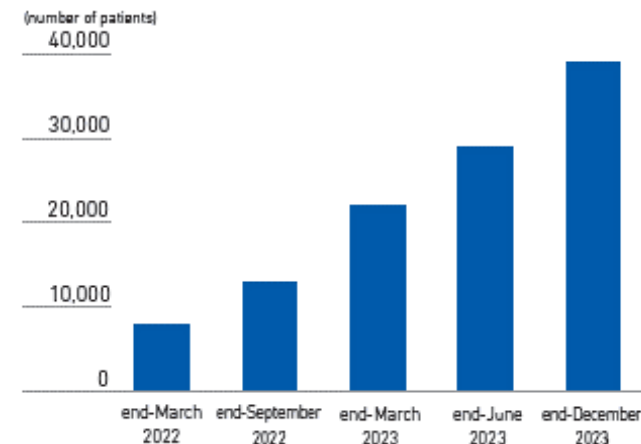


Daiichi Sankyo has bases of operation in 29 countries and regions

Expanded treatment for patients

Approx. 39,000

as of end-December 2023



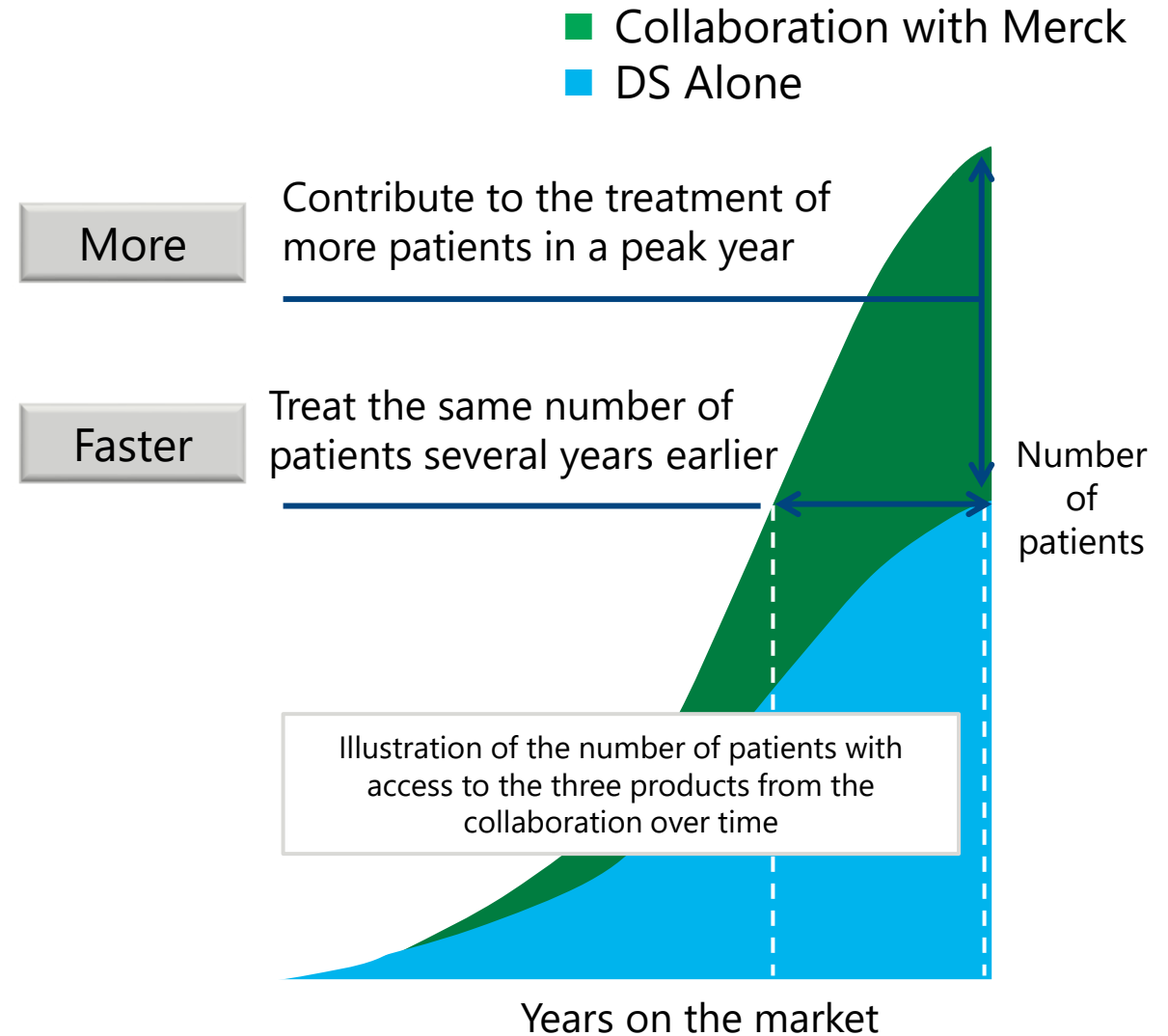
Expanding Our Impact Through a Strategic Collaboration with Merck

◆ Maximization of product value through strategic collaboration

- Through our strategic collaboration with Merck, we can develop more aggressive development plans for the three products, targeting a broader patient population
- The collaboration allows us to accelerate development timelines and reduce the risk of development delays
- It is expected to reach more patients in more countries and regions

3 products from collaboration

- HER3-DXd
- I-DXd
- DS-6000 (R-DXd)



Initiatives for Capacity Building of Medical Infrastructures in Developing Countries in Partnership with NPOs/NGOs



Nepal

Breast cancer and cervical cancer screening camp project in Nepal (2021-2023)

Target screening test rate: 62%
Before project: 31%



Zimbabwe

Enhancing the medical infrastructure related to sexual and reproductive health and rights (SRHR) as well as breast cancer and cervical cancer in Zimbabwe (2021-2024)

Target percentage of students with increased knowledge of SRHR, breast cancer, and cervical cancer: 60%
Before project: SRHR (14.9%), breast cancer (14.9%), cervical cancer (25.5%)



Kenya

Prevention awareness project for promoting cervical cancer examinations in Kenya (2022-2025)

Target cervical cancer test rate: 38%
Before project: 23%



Honduras

Prevention awareness project for promoting breast cancer and cervical cancer examinations in Honduras (2023-2025)

Baseline study underway



Vietnam

Project to improve health services related to sex and reproduction during puberty in Vietnam (2023-2025)

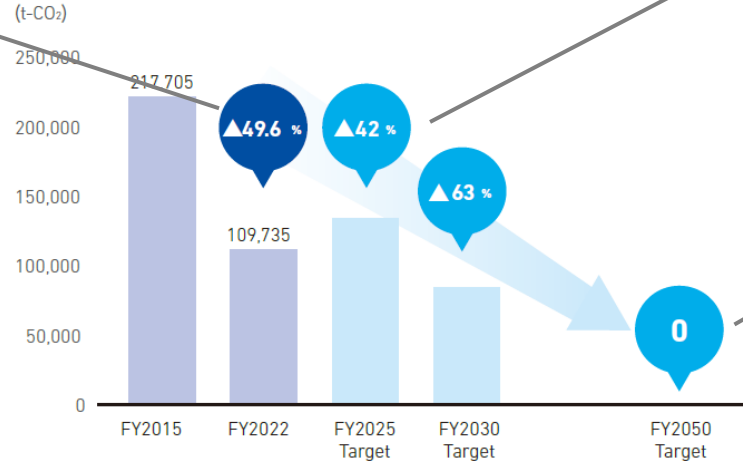
Baseline study underway

Commitment to a Decarbonized Society

Achievement through conversion to electric power derived from renewable energy (80.2% achievement)

Also considering utilization of PPA1 and vPPA2 to reach 100% electric power derived from renewable energy

FY2025 and FY2030 Target toward Carbon Neutrality



July 2023
Approval of target in line with 1.5°C target



August 2023
Submission of net zero commitment letter

Expansion of on-site installation of solar power generation equipment

- Onahama Plant 
- Shanghai Plant (China) 
- Pfaffenhofen Plant (Germany) 

Annual power generation: Approx. 4,000 MWh
CO₂ reduction: Approx. 1,850 t
Launch of operations: December 2020

Annual power generation: Approx. 540 MWh
CO₂ reduction: Approx. 300 t
Launch of operations: January 2023

Annual power generation: Approx. 570 MWh
CO₂ reduction: Approx. 200 t
Launch of operations: February 2022

Investment in a wind farm (Germany)



*1. PPA: Abbreviation for (Physical) Power Purchase Agreement; power is supplied directly through the power grid and traded at a fixed PPA contract price during the contract period, regardless of market price fluctuations.
*2. vPPA: Abbreviation for Virtual Power Purchase Agreement; power is not supplied directly, so environmental value is transferred to the purchaser separately from the power. Electricity prices are effectively fixed by paying the difference between the contract price and the market price.

Establishment of a Plan to Transition to a Decarbonized Society

We will establish stable business activities by implementing the transition plan.

Daiichi Sankyo's commitment



Introduction of solar power generation (Onahama, Germany, China)



Scope1+2
42% reduction



Domestic renewable energy 100%



Supplier engagement 70%



Scope1+2
63% reduction



Overseas renewable energy 100%

2015 ▶

2025 ▶

2030 ▶

2035 ▶

2040 ▶

Plan to clarify risks and opportunities in a decarbonized society to establish and disclose a transition plan within FY2024

- ✓ Impact on pharmaceuticals business and social requirements
- ✓ Impact on business plan and operations and on product and financial plans
 - Investment in energy conservation and decarbonization, shift to EVs, and sustainable offices
- ✓ Engagement with the value chain
- ✓ New milestone (Scope1¹+2², Scope 3³, decarbonization)
- ✓ Governance structure, roles and responsibilities, incentives, etc.

2050
DS Group
NET ZERO

1 Scope 1: Direct emissions of greenhouse gases from in-house operations (fuel combustion and vehicle fuel)

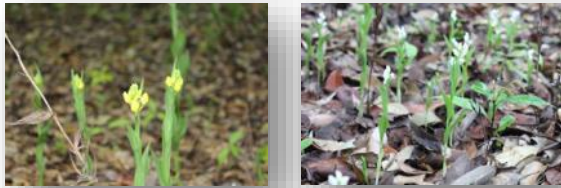
2 Scope 2: Indirect emissions associated with use of electric power, etc. supplied by other companies

3 Scope 3: Indirect emissions other than those covered by Scope 1 and Scope 2 (emissions of other companies in the supply chain)

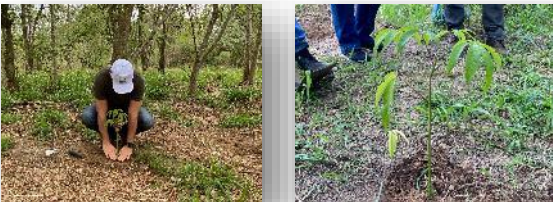
We will consider biodiversity in our business activities and aim to be nature positive through our corporate activities.

Promotion of biodiversity through environmental conservation

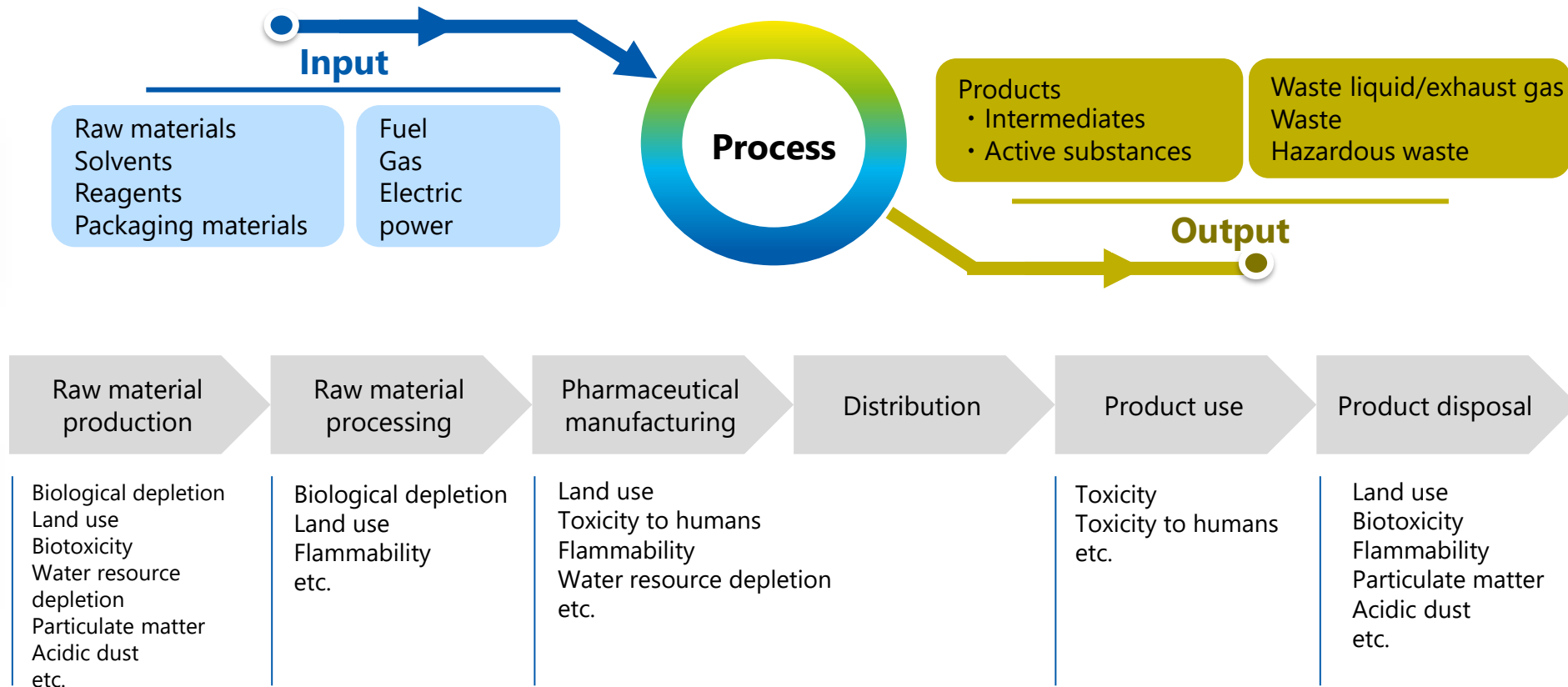
Conservation of rare plants (golden and silver orchids)
Tatebayashi Plant



Initiative to restore Atlantic coast forests (Daiichi Sankyo Brazil)



Disclosure of TNFD¹, including implementation of risk assessment and establishment of biodiversity-conscious business processes (to be disclosed within FY2024)



¹ TNFD: Abbreviation of Taskforce on Nature-related Financial Disclosures; a framework for reporting on the relationship between economic activities, the natural environment, and biodiversity, and risks.

Agenda

4 Corporate Governance

We are leveraging the skills and experience of each Director to demonstrate an effective supervisory function.



Career Summary

Chairperson of the Board (Outside Director)

Kazuaki Kama

- 1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (now IHI Corporation)
- 1987 Executive Vice President of IHI INC. (New York)
- 2002 Associate Director and Deputy General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
- 2004 Executive Officer and General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
- 2005 Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
- 2005 Board Director, Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
- 2007 President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries Co., Ltd.
- 2012 Chairperson of the Board of IHI Corporation
- 2016 Board Director of IHI Corporation
- 2016 Executive Corporate Advisor of IHI Corporation
- 2019 Outside Director of the Company (to present)
- 2020 Senior Advisor of IHI Corporation (to present)

(Positions at the Company)

- June 2019 Chairperson of the Compensation Committee
- June 2022 Chairperson of the Nomination Committee
- June 2023 Chairperson of the Board

(Career Summary as Outside Officer)

- Outside Director of Konica Minolta, Inc.
- Outside Director of Kyokuto Boeki Kaisha, Ltd.
- Outside Director of NSK Ltd.
- Outside Director of SUMITOMO LIFE INSURANCE COMPANY
- Company Auditor (Outside) of Tokyo Stock Exchange, Inc.
- Company Auditor (Outside) of JPX Market Innovation & Research, Inc.
- Outside Director of Japan Exchange Group, Inc. (to present)
- President of Financial Accounting Standards Foundation
- Chairman of Japan Vocational Ability Development Association
- Chairman of Japan Society for the Promotion of Machine Industry (to present)
- Auditor of Japanese Red Cross Society (to present)

Changes in Corporate Governance Structure

We have established a structure to ensure the appropriate management decision-making and oversight by the Board of Directors. We have also built an internal control system to ensure the appropriate delegation of authority by the Board of Directors. Moreover, we have operated a system that contributes to improving the function and effectiveness of the Board of Directors.

		2007	2014	2016	2017	2018	2019	2020	2021	2022	2023		
Chairperson of the Board		Chairman	CEO					Chairman	Outside Director				
Directors	Outside	4 male members						3 male members and 1 female member					
	Inside	6 male members					5 male members						
Audit & Supervisory Board Members	Outside	2 male members		1 male members and, 1 female member		1 male member and 2 female members							
	Inside	2 male members										1 male member and, 1 female member	
Nomination Committee		2 Outside Directors and 1 Inside Director		4 Outside Directors		4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)							
Compensation Committee		2 Outside Directors and 1 Inside Director		4 Outside Directors		4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)							
Compensation System (Incentives)		Short term: Annual performance-based bonus											
		Long term: Share remuneration-type stock option				Long term: Restricted share-based compensation						Clawback provision	
												Long term: Medium-term performance-based share compensation	
												Including ESG index as KPI	
Corporate Governance Code		Explained 3 items immediately after applying the Code		Complied with all the items		Explained 1 item after revision Explain		Complied with all the items					

Board Evaluation

Priority Measures in FY2023 to Improve the Function and Effectiveness of the Board

The Company conducts board evaluations every fiscal year and addresses the issues identified for improvement to continually improve the effectiveness and function of the Board.

● FY2021 Board Evaluation by a Third-Party Organization

*Board evaluations are conducted every fiscal year, and third-party evaluations will be also conducted regularly.

Concluded that in terms of its roles, responsibilities, operation and composition, the Board of the Company, as well as the Nomination Committee and the Compensation Committee, which are advisory bodies to the Board, are functioning appropriately, and that the effectiveness of the Board as a whole has been ensured and that it is functioning at a high level.

● FY2022 Board Evaluation

- Confirmed that the overall effectiveness of the Board is ensured.
- The Board works to ensure and improve the functions and effectiveness of its Board by implementing the priority measures below in FY2023.

Priority Measures

Progress/Status of Discussions

1

Enhancement of discussion on key matters for further strengthening the oversight functions of the Board (long-term strategy, globalization, etc.)

- Focused discussion on long-term strategy, globalization (global corporate functions, global management structure, global human resources), materiality, and risk management.

2

Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board

- Optimized matters to be discussed and reported by the Board based on the revised criteria for Board discussions and operated accordingly.
- Established opportunities for discussion, including outside of Board meetings*
*Briefings and exchange of opinions for Directors and Audit & Supervisory Board Members, as well as for Outside Directors only

3

Further considerations for optimizing the Board composition

- Considered the optimal composition of the Board based on the direction of the Company's management

Nomination Committee Discussions

The Nomination Committee is deliberating on the selection, dismissal, and reelection of the CEO and COO, ensuring objectivity and transparency through a process aimed at strengthening governance.

Nomination Committee Composition

FY2023

Position	Member(s)
Chairperson: Outside Director	Takaaki Nishii
Committee member: Outside Director	Kazuaki Kama Sawako Nohara Yasuhiro Komatsu
Observer: Outside Audit & Supervisory Board Member	Mitsuhiro Matsumoto

FY2022

Position	Member(s)
Chairperson: Outside Director	Kazuaki Kama
Committee member: Outside Director	Noritaka Uji Sawako Nohara Yasuhiro Komatsu
Observer: Outside Audit & Supervisory Board Member	Mitsuhiro Matsumoto

Matters to be Discussed and Reported

- Selection, dismissal and reelection* of CEO and COO
- CEO/President succession plan
- Board composition
- Selection of Director and Audit & Supervisory Board Member candidates
- Board Skill Matrix disclosure
- Selection of CxOs, Unit Heads, Heads of Global Corporate Functions, etc. in the global management structure
- Selection of Executive Officers, etc.
- <Joint meeting of Nomination Committee and Compensation Committee>
Establishment of CEO and COO objectives
Evaluation of CEO and COO performance

*Enhanced through implementation of regulation since 2021.

Optimal Composition of the Board Based on the Direction of the Company's Management

Candidates for Director are selected taking into account the composition and balance in the skills matrix of the Company's Board based on the perspective of Board diversity.

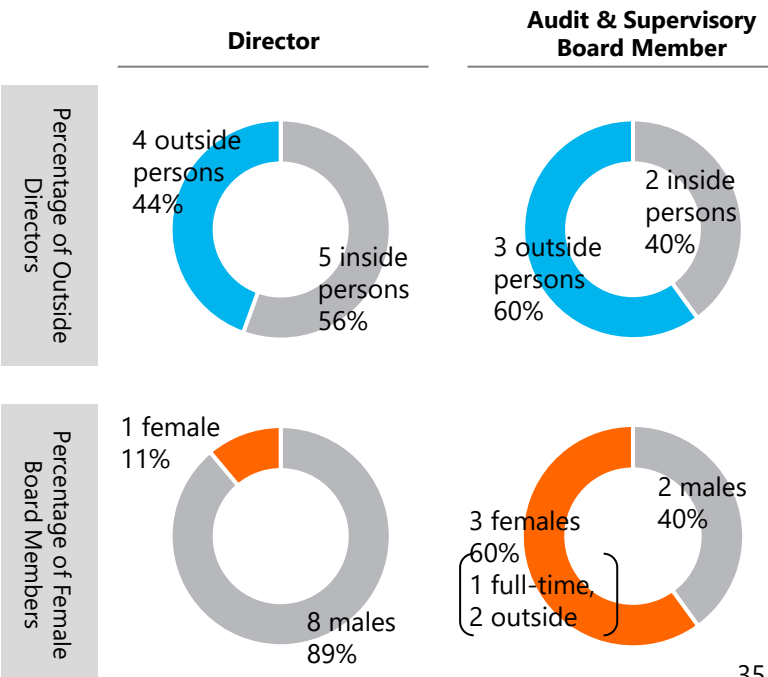
Skill Matrix of the Board of Directors

Diversity

In light of our Purpose, Mission, and mid-to-long-term management direction and business strategy, the Company has identified the nine skills given the functions Board of Directors should have to fulfill, aiming to realize the 2030 Vision "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society."

The Company recognizes that ensuring the diversity of Directors particularly in terms of gender, nationality, race, etc. as well as incorporating diverse opinions into management are important for strengthening the decision-making and supervisory functions of the Board of Directors.

	Name	Outside Independent Officer	Term of Office	Board of Directors	Nomination Committee	Remuneration Committee	Corporate Management/ Management Strategy	Finance/ Accounting	Science & Technology	Business Strategy /Marketing	Global Business	Human Resources/ Human Resource Development	Legal/Risk Management	Sustainability/ ESG	DX/IT	Qualification	
Director	Sunao Manabe		9 years	○			●		●	●	●	●		●		Veterinarian	
	Hiroyuki Okuzawa		2 years	○			●	●		●	●	●	●				
	Shoji Hirashima		3 years	○			●	●	●	●	●		●				
	Masahiko Ohtsuki		3 years	○			●		●		●				●	Pharmacist	
	Takashi Fukuoka		1 year	○			●		●		●					Veterinarian	
	Kazuaki Kama	○	4 years	○	○	○	●	●			●	●	●	●			
	Sawako Nohara	○	4 years	○	○	○	●		●	●		●		●	●		
	Yasuhiro Komatsu	○	1 years	○	○	○			●			●	●				Physician
	Takaaki Nishii	○	-	○	○	○	●			●	●	●		●			
Audit & Supervisory Board Member	Kenji Sato		4 years	○					●			●	●				
	Miyuki Arai		-	○					●				●				Pharmacist
	Yukiko Imazu	○	5 years	○								●	●				Attorney Certified public accountant.
	Masako Watanabe	○	2 years	○					●				●				
	Mitsuhiro Matsumoto	○	1 year	○	○							●	●				



Contact address regarding this material

Daiichi Sankyo Co., Ltd.

Corporate Communications Department

TEL: +81-3-6225-1125

Email: DaiichiSankyoIR@daiichisankyo.co.jp