

Message from Chairman of the Board

# We will further enhance our corporate governance to put Our Mission into practice.



The Daiichi Sankyo Group aims to realize its 2025 Vision to become “Global Pharma Innovator with competitive advantage in oncology” and to sustainably increase its corporate value by bringing out the best in our strengths which are Science & Technology, Global Organization & Talent, and Presence in Japan.

As for global circumstances, the frameworks such as the Sustainable Development Goals (SDGs), the UN Guiding Principles on Business Human Rights, and the Paris Agreement, all led by the United Nations are becoming more important. Moreover, the flow toward ESG investment including the Principles for Responsible Investment (PRI) has been significantly affecting our business environment. We will make contributions to realize a sustainable society by actively tackling social issues indicated by such global movements.

In order to sustainably increase the corporate value, we have to establish a management structure capable of responding flexibly and timely to changes in the business environment.

At Daiichi Sankyo, the Board appropriately makes important business decisions while establishes and operates properly the internal control system that ensures efficient execution under delegation of directors’ authority.

We will establish corporate governance structure including an operation of the Board that is even more responsive to the trust of our diverse stakeholders, and endeavor to continue to further improve our corporate governance.

George Nakayama  
Representative Director and  
Chairman of the board

## Corporate Governance

The Daiichi Sankyo Group is creating a management structure that can respond speedily and flexibly to changes in the business environment, in addition to working to secure legal compliance and management transparency, and to strengthen oversight of management and the conduct of operations. In this way, we have been advancing the corporate governance structure for achieving our mission.

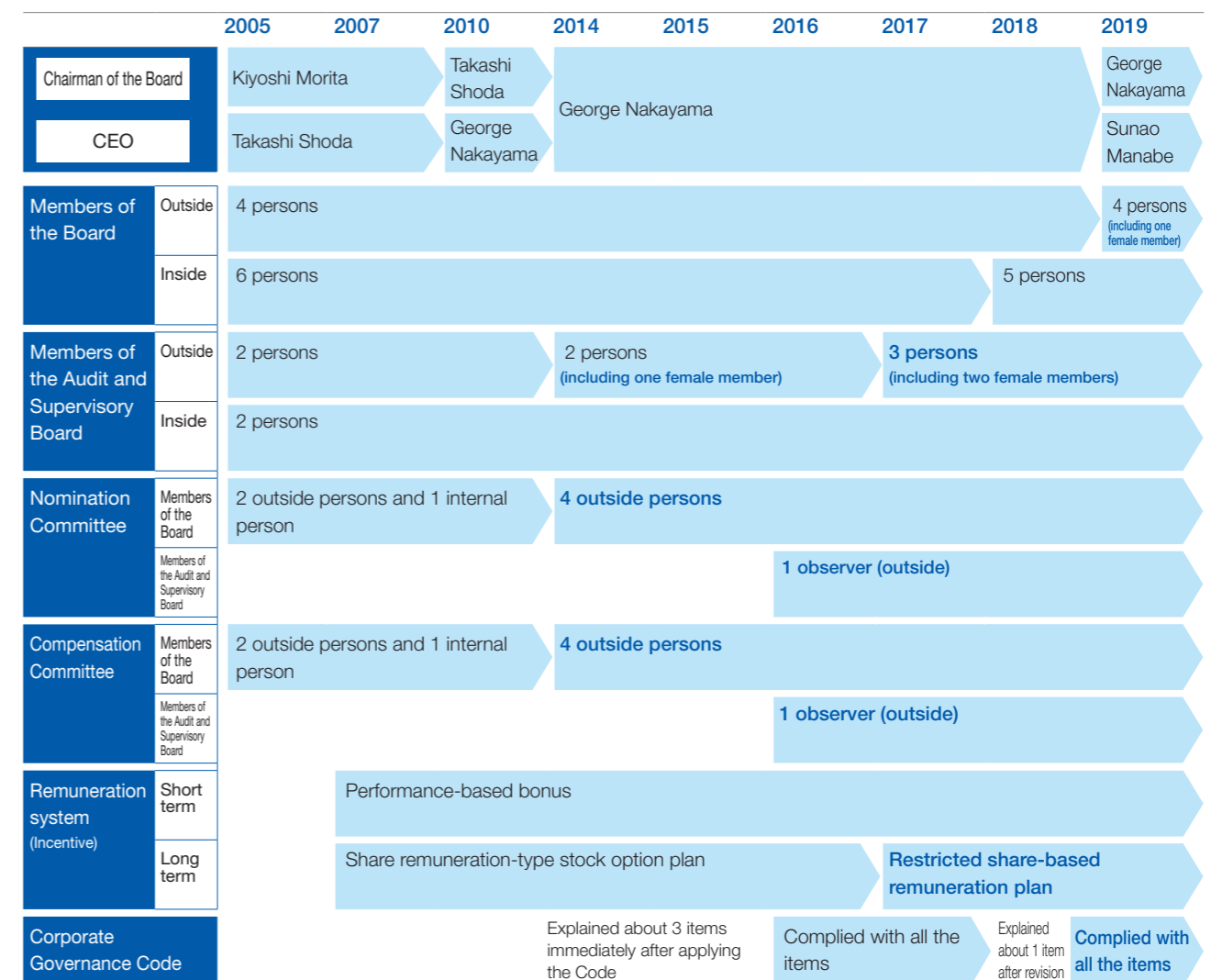
Since its establishment of joint holding company of Sankyo Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. in 2005, the Daiichi Sankyo Group has been striving to strengthen corporate governance. We are committed to establishing the system for the Board of Directors to appropriately make important business decisions and oversight its management, establishing the internal control system that ensures proper operation under delegation of Board of Directors’ authority, and operating and implementing measures for the board to be effective and to improve its function.

Daiichi Sankyo has complied with and implemented all of the Principles of the Corporate Governance Code, which came into force in 2015, including those revised in June 2018 as of June 17, 2019.

Daiichi Sankyo will continue to implement initiatives for enhancing its corporate governance systems going forward, as well as securing and improving the functions and effectiveness of the Board of Directors.

The following introduces the corporate governance system of the Group, with focus on the mechanism for decision making, oversight, and delegation of the Board of Directors’ authority and another mechanism for reinforcing it.

### The Group’s initiatives for corporate governance



### I Securing and enhancing the effectiveness of the important business decision and oversight functions of the Board of Directors

In principle, the Board of Directors Meetings of Daiichi Sankyo are held once a month. We are committed to establish and enhance the effectiveness of the Board's appropriate decision-making and oversight functions as follows:

#### 1. Participation of Members of the Board (Outside) and the Audit and Supervisory Board (Outside)

- (1) The Company has nine Members of the Board, of which four are outside members. Each Member of the Board (Outside) actively makes suggestions and appropriate remarks in the Board of Directors Meeting, based on insight as corporate managers in various industries and sectors, including the telecommunication, general heavy industries, IT, business strategy and marketing strategy, and/or expert knowledge and insight as medical doctor, playing important roles in enhancing the decision-making and oversight functions of the Board.
- (2) The Audit and Supervisory Board has five members, of which three are outside members and conducts audits of legal compliance and appropriateness of management.
- (3) Both of the Nomination and the Compensation Committees are established to ensure management transparency. The four Members of the Board (Outside) serve as members and one Member of the Audit and Supervisory Board (Outside) participates in each committee as the observer.
- (4) In addition to the qualification and performance requirements, etc. defined in the Member of the Board Regulations and The Code of Audit and Supervisory Board Member Auditing Standards, both Members of the Board (Outside) and Member of the Audit and Supervisory Board (Outside) meet the independence criteria of the Tokyo Stock Exchange (TSE) and the independence judgment criteria for outside directors set forth by the Company. All the members are reported as independent directors to the TSE.

#### Outside directors for FY2019

	Name	Age*	Years of Office	Independent Director	Significant Past Positions	Nomination Committee	Compensation Committee	Significant Specialty/Background			
								Corporate Management	Medicine/Pharmacy	Legal/Administration	Finance/Accounting
Members of the Board (Outside)	Noritaka Uji	70	5 years	✓	Former Representative Director, Senior Executive Vice President, Nippon Telegraph and Telephone Corporation (NTT)	✓ (Chairman)	✓	Communication			
	Tsuguya Fukui	67	4 years	✓	President of St. Luke's International University (to present) President of St. Luke's International Hospital (to present)	✓	✓		Medicine		
	Kazuaki Kama	70	—	✓	Former President, Chairman & Representative Director of IHI Corporation	✓	✓ (Chairman)	Heavy Industry			Finance
	Sawako Nohara	61	—	✓	President, IPSe Marketing, Inc. (to present)	✓	✓	IT Business			
Members of the Audit and Supervisory Board (Outside)	Sayoko Izumoto	65	2 years	✓	Former Partner at Deloitte Touche Tohmatsu LLC (C.P.A.)		✓ (Observer)				Accountant
	Tateshi Higuchi	66	1 year	✓	Former Superintendent General Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of the Union of Myanmar	✓ (Observer)				Administration Diplomat	
	Yukiko Imazu	50	1 year	✓	Partner Lawyer, Anderson Mori & Tomotsune (to present)					Lawyer	

\* The ages listed above are as of June 2019

### 2. Enhancement of discussion for strengthening the decision-making and oversight functions of the Board

In order to improve and strengthen the effectiveness of the Board's important business decision and oversight functions, the Company properly submits matters for resolution and to be reported to the Board of Directors in accordance with laws and the article of association in a timely manner. In fiscal 2018, productive discussions were held on subjects, such as the 5-year business plan, business strategy, business investment, corporate governance (evaluation of the Board of Directors, status of cross-shareholdings, policy and procedure for appointment and dismissal of the CEO, CEO successor plan, payment of bonus to Members of the Board, revised Japan's Corporate Governance Code), and revisions of internal rules on important management matters.

#### Major agenda of the Board of Directors Meeting for fiscal 2018

Matters Resolved	Matters Reported
Global development and commercialization collaboration for DS-8201	Monthly financial conditions
Revision of the 5-year business plan	Internal audit
Vaccine business, reorganizations of the Supply Chain Function	Auditors' audit
Sale of real estate held	Compliance management activities
Succession of long-listed products and contrast agents	Status of operation of the internal control system

When holding the Board of Directors Meeting, we promote enrichment and deepening of discussions by providing a preliminary briefing on the agenda of the meeting to Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) each time in an attempt to provide information that will lead to promoting their understanding.

### 3. the Board of Directors' address at ESG issues

The Company has established the Corporate Ethics Committee chaired by the compliance officer and the EHS Management Committee chaired by the chief executive officer of EHS. The Board of Directors receives reports from the both committees regarding important matters and conducts oversight on ESG issues.

For the overview of the corporate governance structure refer to page 65.

#### (1) Corporate Ethics Committee

We have established the Corporate Ethics Committee for the Daiichi Sankyo Group to promote management that complies with domestic and international laws and regulations as well as corporate ethics and fulfills corporate social responsibility, and to ensure compliance of its executives and employees. The Committee also has one appointed external attorney to ensure objectivity.

In fiscal 2018, the Corporate Ethics Committee Meeting was held in July and February to deliberate on the revision of the Global Marketing Code of Conduct and the Anti-Bribery and Anti-Corruption policy due to a revision to the IFPMA Code of Practice\*, activity plan for fiscal 2019 (enlightenment, education, monitoring, investigation, revision of rules, etc. related to corporate ethics), and so on.

\* IFPMA Code of Practice: An international voluntary standard for the pharmaceutical industry defined by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) on ethical promotion of pharmaceuticals to healthcare professionals and negotiations between the member companies and healthcare professionals.

#### (2) EHS Management Committee (EHS: Environment, Health and Safety)

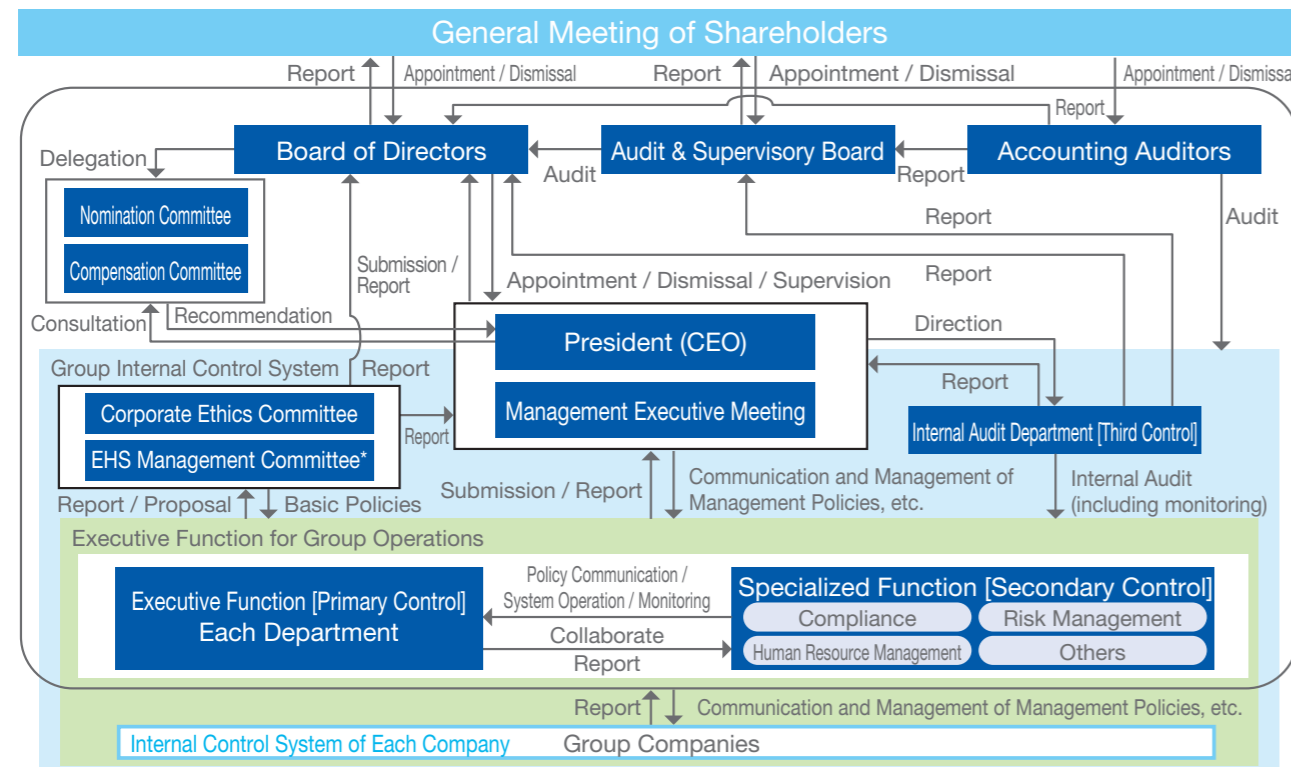
In order to ensure environmental conservation, health and safety in overall business activities at the Daiichi Sankyo Group and thereby to contribute to a sustainable society as well as to operate and promote management of the environment, health, and safety with a high likelihood of risk in an integrated manner, we have formulated the Global EHS Policy and the EHS Management Policy and established a new EHS Management Committee consisting of committee members including from Group companies in April 2019. As a result, we have developmentally dissolved the Environmental Management Committee into the new organization and deliberate on policies, target setting, and activities on the global EHS management in the meeting held twice a year in July and February.

In fiscal 2018, we held the Environmental Management Committee Meeting, the former committee structure, in July and February to deliberate on climate change measures, optimization of the environmental management system, and endorsement of the TCFD\* recommendations.

\* TCFD (Task Force on Climate-related Financial Disclosures): This task force was established in December 2015 by the FSB (Financial Stability Board). The FSB is an international organization joined by central banks and financial regulators from the major powers.

Overview of the corporate governance structure

(As of June 18, 2019)



\* EHS Management Committee: Environment, Health, Safety

II Establishing internal control system that ensures proper operation under delegation of Board of Directors' authority

To establish an executive system that can flexibly and dynamically respond to changes in business environment, proper delegation of Board of Directors' authority to corporate officers including CEO and the establishment of an essential internal control system that enables such delegation are essential.

1. Delegation of Board of Directors' authority to achieve proper and speedy management decision-making and the conduct of operations

The Company clearly defines the scope of conduct of operations to be delegated by the Board of Directors in the Management Executive Meeting Regulations and the Approval policy and employs a Corporate Officer System as the mechanism and system that contribute to proper and speedy management decision-making and the conduct of operations.

2. Establishment of internal control system

The Company has established an internal control system in accordance with the Basic Policy on Establishing Internal Control Structure that was resolved in Board of Directors Meetings for the following purposes:

- Secure the effectiveness and efficiency of operations
- Ensure the reliability of financial reporting
- Adhere laws and regulations regarding business activities
- Safeguard assets

The system is operated based on a solid control system comprised of self-monitoring by each organization responsible for the Business/Functional Unit (Key Control), deployment and monitoring of the policy to each organization by the

Corporate Function (Secondary Control), and internal audit including monitoring by the Internal Audit Department (Tertiary Control).

In establishing the internal control system, we have developed a system for ensuring that Members of the Audit and Supervisory Board effectively conduct audits and confirm the status of operation of the internal control system mainly with respect to risk management, compliance, subsidiary management, and audits by Internal Audit Department and the Audit and Supervisory Board during the Board of Directors Meeting in March every year.

III System and measures that contribute to enhancing the effectiveness and function of the Board of Directors

To secure and improve the effectiveness of the important business decision-making and oversight functions of the Board of Directors, we work to operate the system and implement measures as follows:

1. Terms of office and system for Members of the Board

To clarify the management responsibility of Members of the Board and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and four out of nine are Members of the Board (Outside).

2. Evaluation of the Board of Directors

The Company utilizes the evaluation of the Board of Directors, for the Board itself and Members to conduct a self-evaluation and recognize the current issues. The Members of the Board work on improvement measures for issues extracted from the evaluation and confirm the current evaluation and the status of improvement from the previous year. We conduct an evaluation of the Board of Directors every fiscal year and continue to work to improve the functions and effectiveness of the Board of Directors.

COLUMN

Results of the evaluation of the Board of Directors (Overview)

The evaluation of the Board of Directors conducted in fiscal 2018 confirmed that the overall effectiveness of the Board of Directors has been ensured.

In addition, for the following issues concluded as requiring further improvement in the previous evaluation, improvements have been made.

- (1) Setting agenda giving more consideration to strengthening the functions of the Board of Directors
- (2) Enriching and deepening the content of materials, briefing, and reports of the Board of Directors
- (3) Continuing to provide information that will lead to promoting the understanding of the Members of the Board (Outside)

These issues have been confirmed as ones that should continue to be worked on in fiscal 2019.

3. Nomination Committee and Compensation Committee

To ensure management transparency, nomination of candidates for Members of the Board, Members of the Audit and Supervisory Board, and Corporate Officers and compensation thereof are deliberated on by the Nomination Committee and the Compensation Committee, respectively, which are established as voluntary committees.

These committees consist of at least three Members of the Board, of whom Members of the Board (Outside) form a majority, and are chaired by an Member of the Board (Outside). Both committees are comprised entirely of Members of the Board (Outside) at present and one Member of the Audit and Supervisory Board (Outside) participates in each committee as an observer.

(1) Nomination Committee

In fiscal 2018, meetings were held eight times to discuss matters required for nominating candidate Members of the Board, Members of the Audit and Supervisory Board, and Corporate Officers, plans for training successors for the President and CEO, Advisors and the Advisory System, etc.



**COLUMN**

**Policies and procedures for appointment of Members of the Board, Members of the Audit and Supervisory Board, and CEO and Dismissal of Members of the Board and CEO.**

The Company has defined policies and procedures for the appointment of candidate Members of the Board, Members of the Audit & Supervisory Board, and CEO as well as for the dismissal of Member of the Board and CEO.

For candidates for Members of the Board, the Board of Directors appoints the candidates after they have been sufficiently verified by Nomination Committee. For candidates for Members of the Audit and Supervisory Board, the Board of Directors appoints the candidates after they have been verified by Nomination Committee and then verified and agreed to by the Audit and Supervisory Board. An appointment of Members of the Board and Members of the Audit and Supervisory Board is referred to the General Meeting of Shareholders. As for candidates for the CEO, they are appointed in accordance with the successor plan, qualification requirement definitions, etc. that are repeatedly discussed by the Nomination Committee, and an appointment (including re-appointment) of the CEO is determined by the resolution of the Board of Directors after the sufficient deliberation by the Nomination Committee and the subsequent recommendations by the Committee.

**V O I C E**

**Message from Chairperson of the Nomination Committee**

The Nomination Committee is an advisory committee delegated by the Board of Directors. The primary roles of this committee are to maintain transparency while examining and making proposals for the appointment and dismissal of Members of the Board and Corporate Officers. As the Chairman of the Nomination Committee, I lead discussions from the perspective of the ongoing growth of Daiichi Sankyo and the qualities required of its management.

The new structure with Chairman Nakayama and President and CEO Manabe following the General Meeting in June 2019 is also a result of discussion by the Nomination Committee for the last several years. In a severe business environment, I will continue to examine measures for further strengthening the management structure, including the evaluation of the management, realization of a more diverse and younger team of Corporate Officers, and cultivation of candidates for future management positions in order to support the ongoing growth of Daiichi Sankyo.



**Noritaka Uji**  
Member of the Board  
(Outside)  
(Independent Director)

**(2) Compensation Committee**

The Compensation Committee has been established to deliberate on compensation of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.

In fiscal 2018, meetings were held six times to deliberate on the verification of the remuneration levels, standard for calculating the bonus and bonus payment amounts and allocation of restricted stocks, etc. for Members of the Board and Corporate Officers.

**Basic design of remuneration to Members of the Board and Members of the Audit and Supervisory Board**

- The remuneration to Members of the Board (excluding Members of the Board (Outside)) is designed to provide remuneration that contributes to maximize corporate value. Specifically, in addition to a basic remuneration as fixed remuneration, performance-based bonuses serving as short-term incentive and restricted share-based remuneration serving as long-term incentive are adopted as variable remuneration. The percentage of each remuneration component is designed to be 60% for basic remuneration, 20% for performance-based bonus, and 20% for restricted share-based remuneration if 100% of the performance goal is achieved.
- The performance-based bonuses serving as short-term incentives are calculated by adopting revenue, indicating the size of the business, as an index with a high correlation to the maximization of corporate value, ratio of operating income to revenue, indicating the efficiency of business activities, and profit attributable to owners of the Company, indicating the final outcome of corporate activities, as the relevant indices.

**The Remuneration system for Members of the Board and Member of the Audit and Supervisory Board for Fiscal 2018**

Member of the Board (Outside) Members of the Audit and Supervisory Board	Basic Remuneration (fixed) 100%		
Members of the Board (excluding Members of the Board (Outside))	Basic Remuneration (fixed) 60%	Performance-Based Bonus 20%	Restricted Share-Based Remuneration 20%

Breakdown of Performance-Based Bonus (Fiscal 2018)	Evaluation Index	Evaluation Criteria	Weight	Goal	Achievement	Evaluation Factor	Bonus Payment Rate
	Revenue	Degree of achievement of the budget for the fiscal year	10%	¥910.0 billion	¥929.7 billion	100.8%*	156.2%
Ratio of operating profit to revenue (operating profit)	Degree of achievement of the budget for the fiscal year	10%	8.6% (¥78.0 billion)	9.0% (¥83.7 billion)	102.6%*		
Profit attributable to owners of the Company	Degree of achievement of the target value in the 5-year business plan	80%	¥55.0 billion	¥93.4 billion	169.8%		

\* The evaluation factors of revenue and operating profit margin are calculated by fixed formulas using the comparison of the actual results and the targets.

- For the remuneration of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside), short-term and long-term incentives are not provided and only basic remuneration is granted.
- The level of remunerations is set aiming to provide medium to high level remunerations in the industrial sector, referring to the levels of other companies learned from the surveys of external specialist institutions. The level of remunerations is confirmed and deliberated by the Compensation Committee every year. Going forward, the Compensation Committee plans to examine increasing the amount and ratio of variable remuneration to increase the incentive for further improving our corporate value.

**Remuneration for Members of the Board and Member of the Audit and Supervisory Board for Fiscal 2018**

Classification of Members of the Board and Member of the Audit and Supervisory Board	Total payment amount including remuneration (millions of yen)	Total amount of remuneration for Members of the Board and Member of the Audit and Supervisory Board by type (millions of yen)			Number of eligible Members of the Board and Member of the Audit and Supervisory Board
		Basic Remuneration	Performance-Based Bonus	Restricted Share-Based Remuneration	
Members of the Board (excluding Members of the Board (Outside))	591	322	158	112	6*
Members of the Audit and Supervisory Board (excluding Members of the Audit and Supervisory Board (Outside))	75	75	—	—	2
Members of the Board (Outside)	60	60	—	—	4
Members of the Audit and Supervisory Board (Outside)	45	45	—	—	5*

\* The amount of remuneration, etc. and the number of Members of the Board (excluding Members of the Board (Outside)) and Members of the Audit and Supervisory Board (Outside) include one Member of the Board and two Members of the Audit and Supervisory Board (Outside) who retired at the end of his or her term of office as of the end of the 13th General Meeting of Shareholders held on June 18, 2018.

**V O I C E**

**Message from Chairperson of the Compensation Committee**

I have been appointed to serve as the new Chairperson of the Compensation Committee from this fiscal year. As visualization and expansion of disclosure of remuneration of Members of the Board are demanded in recent years, I feel the weight of responsibility as the Chairperson.

The major role of the Compensation Committee is to create a remuneration system that functions as an appropriate incentive for motivating Members of the Board to achieve our management vision and the 5-year business plan. At the same time, it is also important to design and operate a system that enables us to secure the transparency of management fulfill our accountability to shareholders.

In light of Daiichi Sankyo's system created through experience, I will examine the system for more appropriate remuneration from a new point of view.



**Kazuaki Kama**  
Member of the Board  
(Outside)  
(Independent Director)

## Corporate Governance: Messages from Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) (Independent Directors)



**Noritaka Uji**

Member of the Board (Outside)  
(Independent Director)

There is a clear need for management systems capable of furnishing a speedily and flexible response to changes in the business environment and a Board of Directors' structure that sufficiently incorporates external viewpoints. I therefore feel immense responsibility to live up to expectations with this regard as a Member of the Board (Outside).

Over the medium term, Daiichi Sankyo will need to overcome the challenges presented by the loss of exclusivity for some of its products. This period will be an incredibly important time for transformation to build foundations for future growth to ensure that the Company can continue growing. This topic was discussed when formulating the 5-year business plan. Advancing this plan to achieve our vision that is responsive to changes, amid the situation where the business environment significantly changes within and outside the Company due to a large-scale alliance and the like, will be of utmost importance. Based on this belief, I will take action while incorporating the perspective of "aggressive governance."

I am committed to offering viable advice and suggestions based on my experience as a manager in the information and communication industry and the insight gained through this experience, thereby contributing to more lively discussions among the Board of Directors. At the same time, from my external standpoint, I will strive to facilitate effective corporate governance with regard to such areas as formulating strategies and conducting appropriate investments for future growth and selecting members of the management team.

Furthermore, I believe leveraging digital transformation due to advances in information and communications technology (ICT) in the management of the Company so as to contribute to the healthy and rich lives of people around the world is also important.

Development of a pharmaceutical innovation changes the lives (life expectancy, quality of life, performance) of people who are suffering from a target disease and consequently affects the development and state (population composition, work style, social security) of the entire society significantly. The Company is currently caught in the gap between gloom due to the patent cliff and optimism brought immediately before the launch of a new drug, which requires all kinds of efforts and decision-making for the administration and operation of the Company.

Meanwhile, the importance of the roles required for Members of the Board (Outside) is increasingly recognized without mentioning the case of inappropriate accounting involving Toshiba in 2015 or the Nissan/Ghosn case since last year. As the Corporate Governance Code introduced in 2015 was actually revised in 2018, the trends of society are increasingly being reflected swiftly in the code of conduct for corporate governance.

I recognize that my role in the Company is to contribute to far-sighted decision making that takes into account the interest of our shareholders, employees, and all other stakeholders with thorough understanding of such a circumstance while adhering to laws and the Corporate Governance Code.



**Tsuguya Fukui**

Member of the Board (Outside)  
(Independent Director)

I understand the role of the Board of Directors as "conducting monitoring for sustainable growth and increased corporate value of the Company," specifically, the decision-making on the management policy (management board) and the monitoring and supervising the conduct of operations by Members of the Board and Corporate Officers (monitoring board).

Members of the Board (Outside) are required to assess the effectiveness of the management strategy and risks associated with the implementation of the strategy and to constantly verify the effectiveness of governance and internal control to prevent damage to corporate value, from the standpoint of a third party who are not involved in the conduct of operations.

Providing advice, etc. based on my experience and knowledge as a corporate manager of a heavy machinery manufacturer in a directly opposite position of the Company as well as the expertise and practical experience in the area of finance and accounting, I will contribute to the best of my ability to improved effectiveness of the Board of Directors of the Company.

Taking risks is necessary for the growth of a company. Daiichi Sankyo is also looking to take risks in pursuit of growth.

Members of the Board (Outside) tend to be negative when it comes to implementing a strategy for taking risks. I will fulfill my role from the standpoint of supporting the Corporate Officers by taking a positive stance in implementing strategies and monitoring the PDCA cycle for implementing the strategies.

I was appointed a Member of the Board (Outside) in June 2019.

I think our 2025 Vision of becoming a "Global Pharma Innovator with competitive advantage in oncology" is an excellent vision that is socially beneficial as well as gives people great hope in terms of coping with disease people around the world are wishing to overcome.

I am delighted to engage in the management of the Company as a Member of the Board (Outside).

I would like to offer advice and suggestions to the management of the Company from the viewpoint of an outsider based on my accumulated knowledge on business strategies and innovation eco-systems in the digital field and skills to derive desired products and services from the standpoint of a consumer. I will also comment my opinions on corporate governance at the board meetings, by leveraging my experience as an external director in other industries companies and as an expert member in many Policy Councils.

On the other hand, since I do not have much knowledge about the pharmaceutical industry, I will try to understand the actual conditions of the Company by taking opportunities to inspect the field and exchange opinions with each division as much as possible. So that I will strive to fulfill my role as a Member of the Board and improve our corporate value. Thank you.



**Sawako Nohara**

Member of the Board (Outside)  
(Independent Director)



**Sayoko Izumoto**

Member of the Audit and  
Supervisory Board (Outside)  
(Independent Auditor)

The mission of certified public accountants, as professionals on auditing and accounting, "shall be to ensure matters such as the fair business activities of companies, etc. and the protection of investors and creditors by ensuring the reliability of financial documents and any other information concerning finance from an independent standpoint, thereby contributing to the sound development of the national economy." (refer to Article 1 of the Certified Public Accountants Law) "Members of the Audit & Supervisory Board are responsible for ensuring the sound and sustainable growth of the Company, and establishing good corporate governance in response to the public trust by supervising the performance of duties of the Directors." (refer to Article 2 paragraph 1 of the Code of Audit and Supervisory Board Member Auditing Standards) Although both Certified Public Accountants and Members of the Audit & Supervisory Board conduct audit, the former deals with financial documents and information and the latter, performance of duties of the Directors. While the final goal of the former is a sound development of the entire national economy, that of the latter is to establish good corporate governance. For the last two years I have been working to conduct audits with different objectives and approaches as a Member of the Audit and Supervisory Board, but I still continue to wonder if there is anything else I can do.

Daiichi Sankyo has entered an agreement on global development and commercialization regarding DS-8201, accelerating its large-scale R&D. Accordingly, our perspective, battlefield, and funds for the development will increase more than twofold. I consider being able to participate in this historical opportunity of a large project worked on by the entire Group as a Member of the Audit and Supervisory Board is the ultimate fortune. I will further strive to establish good corporate governance of the Company that can respond to the public trust and thereby creating corporate value.

It has been one year since I assumed my position as a Member of the Audit and Supervisory Board (Outside) being appointed at Ordinary General Meeting of Shareholders held last year.

I believe it is not easy for a company to realize sustainable growth under the ever-changing circumstances in and outside of Japan and amid the increasingly severe management environment. With the aim of becoming a "Global Pharma Innovator with competitive advantage in oncology," the Company has been advancing steadily under the 5-year business plan.

From a different viewpoint, on the other hand, it seems that the Company is about to enter a drastic transitional period. I think we are required to commit to building a flexible and resilient organization that resists changes.

As a government police official, I had long been working to create a society that is resistant to or that are not prone to crimes or accidents, in an attempt to realize a society where people in Japan can live more safely and securely. Both creating a society and building an organization are essentially the same. I will strive to respond to the expectations and trust of many stakeholders in collaboration with Internal Audit Department, accounting auditors, and Members of the Audit and Supervisory Board of our Group companies, especially from the viewpoint of corporate governance.



**Tateshi Higuchi**

Member of the Audit and  
Supervisory Board (Outside)  
(Independent Auditor)



**Yukiko Imazu**

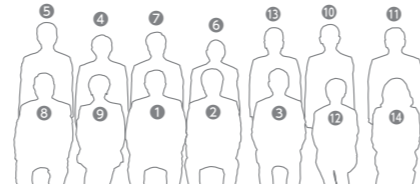
Member of the Audit and  
Supervisory Board (Outside)  
(Independent Auditor)

Today, a higher priority is placed on transparency and compliance in corporate management than ever before. As the Work Style Reform Act entered into force last April, reviewing the work style of each employee is now a pressing issue. Leveraging my experience in corporate legal affairs and corporate governance with a focus on labor and employment cases as a lawyer, I, as a Member of the Audit and Supervisory Board of the Company, will continuously strive to contribute to establishing good corporate governance in response to the public trust.

Toward the implementation of the 2025 Vision, the Company has been promoting transformation, and the forming of an alliance with AstraZeneca for DS-8201 is a critical step forward. However, when a company tries to make a change, not only opportunities but also risks will arise. In order to select and execute the best strategy from various choices within time constraint, an organization needs to make quick decisions. A Member of the Audit and Supervisory Board in the capacity of a lawyer is expected to contribute to providing a sense of security to shareholders and increasing corporate value of the Company. In order to achieve these, I will always offer objective opinions from an auditor's view in accordance from the legal mind and a neutral stance, so that unnecessary legal disputes and damages to corporate value will be avoided. I will continue to endeavor to secure compliance and sound management of the Company in pursuit of its sustainable growth.



# Corporate Governance: Introduction of Members of the Board and Members of the Audit and Supervisory Board



## Members of the Board

**Representative Director and Chairman** **George Nakayama 1**

### Career Summary, Positions, and Assignments

- 1979 Entered Suntory Limited ("Suntory")
- 2000 Director of Suntory
- 2002 President of Daiichi Suntory Pharma Co., Ltd.
- 2003 Resigned as Director of Suntory
- 2003 Member of the Board of Daiichi Pharmaceutical Co., Ltd. ("Daiichi")
- 2006 Member of the Board, Vice President of Corporate Strategy Department of Daiichi
- 2007 Corporate Officer, Vice President of Europe/US Business Management Department of the Company
- 2009 Executive Officer, Vice President of Overseas Business Management Department of the Company
- 2010 Executive Vice President, President of Japan Company of the Company
- 2010 Representative Director, President and CEO of the Company
- 2017 Representative Director, Chairman and CEO of the Company
- 2019 Representative Director and Chairman of the Company (to present)

**Representative Director, Member of the Board, President and CEO** **Sunao Manabe 2**

### Career Summary, Positions, and Assignments

- 1978 Entered Sankyo Company, Limited ("Sankyo")
- 2005 Vice President, Medicinal Safety Research Laboratories of Sankyo
- 2007 Vice President, Medicinal Safety Research Laboratories of the Company
- 2009 Corporate Officer, Vice President of Global Project Management Department, R&D Division of the Company
- 2011 Corporate Officer, Head of Group HR & CSR of the Company
- 2012 Corporate Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company
- 2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company
- 2014 Member of the Board, Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company
- 2015 Member of the Board, Senior Executive Officer, In Charge of Global Sales & Marketing of the Company
- 2016 Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company
- 2016 Representative Director, Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company
- 2017 Representative Director, Member of the Board, President and COO of the Company
- 2019 Representative Director, Member of the Board, President and CEO of the Company (to present)

**Representative Director, Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division** **Toshiaki Sai 3**

### Career Summary, Positions, and Assignments

- 1979 Entered Daiichi Pharmaceutical Co., Ltd.
- 2007 Vice President, Management System Department of the Company
- 2008 Vice President, Corporate Communications Department of the Company
- 2010 Corporate Officer, Vice President of Corporate Communications Department of the Company
- 2012 Corporate Officer, Vice President of Global Brand Strategy Department, Corporate Strategy Division of the Company
- 2014 Executive Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company
- 2015 Senior Executive Officer, Head of Corporate Strategy Division of the Company
- 2015 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company
- 2017 Member of the Board, Senior Executive Officer, Head of Global Brand Strategy Division of the Company
- 2018 Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division of the Company
- 2018 Representative Director, Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division of the Company (to present)

**Member of the Board, Senior Executive Officer, In charge of Vaccine Business and Quality & Safety Management** **Toshiaki Tojo 4**

### Career Summary, Positions, and Assignments

- 1980 Entered Daiichi Pharmaceutical Co., Ltd.
- 2010 Vice President, Supply Chain Technology Department, Supply Chain Division of the Company
- 2011 Corporate Officer, Vice President, Supply Chain Technology Department, Supply Chain Division of the Company
- 2011 Corporate Officer, Vice President, Supply Chain Planning Department, Supply Chain Division of the Company
- 2013 Corporate Officer, Head of Quality and Safety Management Division of the Company
- 2014 Executive Officer, Head of Quality and Safety Management Division of the Company
- 2016 Senior Executive Officer, In charge of Vaccine Business of the Company
- 2016 Member of the Board, Senior Executive Officer, In charge of Vaccine Business of the Company
- 2019 Member of the Board, Senior Executive Officer, In charge of Vaccine Business and Quality & Safety Management (to present)

**(Material Concurrent Positions)**  
· Director and Chairman of Daiichi Sankyo Biotech Co., Ltd. (consolidated subsidiary company of the Company)

**Members of the Board, Senior Executive Officer, Head of Sales & Marketing Division** **Satoru Kimura 5**

### Career Summary, Positions, and Assignments

- 1981 Entered Daiichi Pharmaceutical Co., Ltd.
- 2009 Vice President of Kyoto Branch, Sales & Marketing Division, Japan Company of the Company
- 2014 Corporate Officer, Head of Sales & Marketing Division and Vice President of Marketing Department, Japan Company of the Company
- 2015 Executive Officer, Head of Sales & Marketing Division of the Company
- 2016 Senior Executive Officer, Head of Sales & Marketing Division of the Company
- 2019 Member of the Board, Senior Executive Officer, Head of Sales & Marketing Division of the Company (to present)

**Member of the Board (Outside) (Independent Director)** **Noritaka Uji 6**

### Career Summary, Positions, and Assignments

- 1973 Entered Nippon Telegraph and Telephone Public Corporation
- 1999 Director, Senior Vice President, Advanced Information Network Services Sector of NTT DATA Corporation ("NTT DATA")
- 2000 Director, Senior Vice President, Corporate Strategy Planning Department of NTT DATA
- 2001 Director, Senior Vice President, Industrial System Sector of NTT DATA
- 2002 Director, Senior Vice President, Enterprise Business Sector of NTT DATA
- 2003 Managing Director, Executive Vice President, Enterprise Systems Sector and Enterprise Business Sector of NTT DATA
- 2005 Representative Director, Executive Officer of NTT DATA
- 2007 Representative Director, Senior Executive Vice President, Nippon Telegraph and Telephone Corporation ("NTT")
- 2012 Adviser of NTT
- 2014 Member of the Board of the Company (Outside) (to present)

**(Material Concurrent Positions)**  
· External Director of Yokogawa Electric Corporation  
· Honorary Chairman of Japan Institute of Information Technology  
· Honorary President of Japan Telemarketing Association  
· Visiting Professor of Center for Global Communications, International University of Japan

**Member of the Board (Outside) (Independent Director)** **Tsuguya Fukui 7**

### Career Summary, Positions, and Assignments

- 1992 Professor, Department of General Medicine of Saga Medical School Hospital
- 1994 Professor, Department of General Medicine of Kyoto University Hospital
- 1999 Professor, Department of Clinical Epidemiology, Kyoto University Graduate School of Medicine
- 2000 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Dean, School of Public Health, Kyoto University Graduate School of Medicine
- 2001 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Director, EBM Collaborative Research Center, School of Public Health, Kyoto University Graduate School of Medicine
- 2004 Chief of Staff, Department of Internal Medicine, Vice President, St. Luke's International Hospital
- 2005 President of St. Luke's International Hospital (to present)
- 2012 Chairperson of the Board of Trustees of St. Luke's College of Nursing (currently St. Luke's International University)
- 2015 Member of the Board (Outside) of the Company (to present)
- 2016 President of St. Luke's International University (to present)

**(Material Concurrent Positions)**  
· President of St. Luke's International University  
· President of St. Luke's International Hospital  
· Executive Director of Japan Hospital Association  
· President of The Japan Medical Library Association

**Member of the Board (Outside) (Independent Director)** **Kazuaki Kama 8**

### Career Summary, Positions, and Assignments

- 1971 Entered Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, 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 Chairman of the Board of IHI Corporation
- 2016 Board Director of IHI Corporation
- 2016 Executive Corporate Advisor of IHI Corporation (to present)
- 2019 Member of the Board (Outside) of the Company (to present)

**(Material concurrent positions)**  
· Executive Corporate Advisor of IHI Corporation  
· Outside Director of SUMITOMO LIFE INSURANCE COMPANY  
· Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.

**Member of the Board (Outside) (Independent Director)** **Sawako Nohara 9**

### Career Summary, Positions, and Assignments

- 1980 Entered Mitsubishi Petrochemical Co., Ltd. (currently, Mitsubishi Chemical Corporation)
- 1988 Entered LifeCom Research Institute Co., Ltd.
- 1995 Entered InfoCom Research, Inc.
- 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc.
- 2001 President of IPSe Marketing, Inc. (to present)
- 2006 Outside Director of the Board of NEC Corporation
- 2009 Project Professor of the Graduate School of Media and Governance, Keio University (to present)
- 2012 Audit & Supervisory Board Member (Outside) of Sompō Japan Insurance Inc.
- 2013 Outside Director of the Board of NKSJ Holdings, Inc. (currently, Sompō Holdings, Inc.) (to present)
- 2014 Outside Director of the Board of Nissha Printing Co., Ltd. (currently, Nissha Co., Ltd.)
- 2014 Outside Director of the Board of JAPAN POST BANK Co., Ltd. (to present)
- 2018 Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd. (to present)
- 2019 Member of the Board (Outside) of the Company (to present)

**(Material concurrent positions)**  
· President of IPSe Marketing, Inc.  
· Project Professor of the Graduate School of Media and Governance, Keio University  
· Outside Director of the Board of Sompō Holdings, Inc.  
· Outside Director of the Board of JAPAN POST BANK Co., Ltd.  
· Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.

## Members of the Audit and Supervisory Board

**Member of the Audit and Supervisory Board** **Ryoichi Watanabe 10**

### Career Summary and Positions

- 1981 Entered Sankyo Company, Limited ("Sankyo")
- 2003 Vice President, Accounting Department of Sankyo
- 2004 Vice President, Business Performance Management Department of Sankyo
- 2007 Vice President, Corporate Accounting Department of the Company
- 2009 Vice President, Corporate Finance & Accounting Department of the Company
- 2012 Vice President, General Affairs & Procurement Department, General Affairs & Human Resources Division of the Company
- 2014 Vice President, Finance & Accounting Department, Corporate Management Division of the Company
- 2015 Vice President, Internal Audit Department of the Company
- 2016 Corporate Officer, Vice President, Internal Audit Department of the Company
- 2019 Corporate Officer, in charge of Internal Audit Department of the Company
- 2019 Member of the Audit and Supervisory Board of the Company (to present)

**Member of the Audit and Supervisory Board** **Kenji Sato 11**

### Career Summary and Positions

- 1988 Entered Daiichi Pharmaceutical Co., Ltd.
- 2016 Vice President, R&D General Affairs & Human Resources Department, R&D Division of the Company
- 2019 Principal, R&D General Affairs & Human Resources Department, R&D Division of the Company
- 2019 Member of the Audit and Supervisory Board of the Company (to present)

**Member of the Audit and Supervisory Board (Outside) (Independent Auditor)** **Sayoko Izumoto 12**

### Career Summary and Positions

- 1976 Joined Tohmatsu Awoki & Co. (currently "Deloitte Touche Tohmatsu LLC")
- 1979 Registered as Certified Public Accountant
- 1995 Partner of Tohmatsu & Co. (currently "Deloitte Touche Tohmatsu LLC")
- 2007 Member of Business Accounting Council, Financial Services Agency January
- 2015 Member of Information and Communications Council, Ministry of Internal Affairs and Communications (to present)
- 2016 Representative, Izumoto Certified Public Accountant Office (to present)
- 2017 Member of Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications (to present)
- 2017 Member of the Audit & Supervisory Board (Outside) of the Company (to present)

**(Material Concurrent Positions)**  
· Member of Information and Communication Council, Ministry of Internal Affairs and Communications  
· Member of Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications  
· Representative of Izumoto Certified Public Accountant Office  
· External Audit and Supervisory Board Member of Freund Corporation  
· External Director of Hitachi Transport System, Ltd.

**Member of the Audit and Supervisory Board (Outside) (Independent Auditor)** **Tateshi Higuchi 13**

### Career Summary and Positions

- 1978 Entered National Police Agency
- 2007 Deputy Director General for Policy Evaluation and Deputy Director General of National Police Agency
- 2008 Chief of Personnel and Training Bureau of Tokyo Metropolitan Police Department
- 2009 Deputy Superintendent General and Acting Chief of Personnel and Training Bureau of Tokyo Metropolitan Police Department
- 2010 Chief of Community Safety Bureau of National Police Agency
- 2011 Superintendent General
- 2014 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of the Union of Myanmar
- 2018 Member of the Audit and Supervisory Board (Outside) of the Company (to present)

**(Material Concurrent Positions)**  
· Adviser of Sompō Japan Nipponkoa Insurance Inc.  
· External Director of Miura Co., Ltd.  
· Adviser of Nishimura & Asahi

**Member of the Audit and Supervisory Board (Outside) (Independent Auditor)** **Yukiko Imazu 14**

### Career Summary and Positions

- 1996 Entered Anderson Mōri (currently, Anderson Mōri & Tomotsune)
- 2005 Partner of Anderson Mōri & Tomotsune (to present)
- 2007 Associate Professor of Keio University Law School
- 2014 Director of Ishibashi Foundation (to present)

**(Material concurrent positions)**  
· Partner of Anderson Mōri & Tomotsune  
· Director of Ishibashi Foundation