

Daiichi Sankyo's Materiality

Under the corporate mission “to contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs”, the Daiichi Sankyo Group will deliver value to society and stakeholders through its business operations, while working on the Group’s further growth and advancement. In fiscal 2019, the Group identified the following as high-priority issues in our business operations: materiality on business, such as creation of innovative pharmaceuticals; and materiality on business foundations, including governance and environmental management.

Eight Material Issues

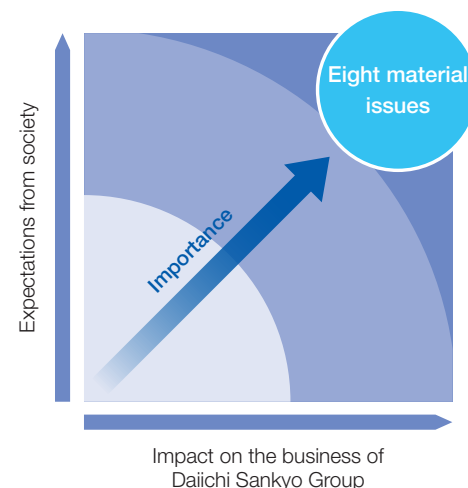
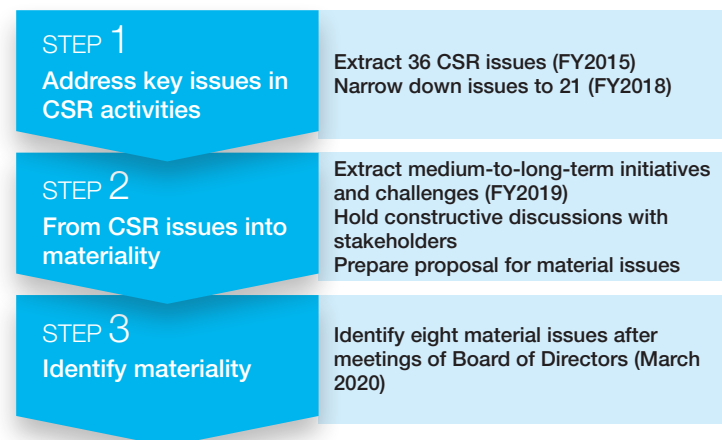


Eight Material Issues for Value Creation

Creating innovative pharmaceuticals, the basis of our value creation, is our top material Issues. Providing a stable supply of top-quality pharmaceutical products, providing the highest quality medical information, and improving access to healthcare are important for delivering pharmaceuticals created through research and development to our patients. To reinforce the foundation of sustainable management, we will promote compliance management, strengthen corporate governance, and promote environmental management, as material issues on business foundations. In addition, we will also continue to promote the success and development of a diverse range of human resources who can produce competitive advantages to the Group’s business operations.

Materiality Identification Process

In identifying and sorting material issues, 36 issues were selected from the CSR perspective in fiscal 2015, and these were narrowed down to 21 in fiscal 2018. In fiscal 2019, business and governance perspectives were added to the CSR perspective, and medium-to-long-term initiatives and challenges were extracted in light of their importance based on their impact on the Group’s medium-to-long-term corporate value, and expectations from society, including our various stakeholders. Then we prepared a proposal for materiality through discussions with stakeholders. The eight material issues were subsequently identified after two meetings of the Board of Directors.



Background and Basic Approach to Materiality Identification

Materiality on Business

Creating innovative pharmaceuticals

The purpose of the Daiichi Sankyo Group is to contribute to the enrichment of quality of life around the world. The Group will remain fully committed to creating innovative pharmaceuticals by leveraging cutting-edge science and technology and through global and concerted efforts by diverse members in order to meet unmet medical needs and drive the Group’s sustainable growth.

For details, refer to page 70

Providing the highest quality medical information

In order to maximize the benefits and minimize the risks of pharmaceuticals, it is necessary to use them properly. In addition to its efforts so far to promote the proper use of pharmaceuticals, the Daiichi Sankyo Group works to provide the highest quality, accurate medical information for its medicines, including those in the field of oncology which especially requires a higher level of clinical expertise and more prompt decision-making.

For details, refer to page 62

Providing a stable supply of top-quality pharmaceutical products

Pharmaceutical companies have a responsibility to provide high-quality pharmaceuticals in an appropriate and stable manner. With an increasing number of products requiring sophisticated manufacturing technologies and appropriate quality control, the Daiichi Sankyo Group has established a robust global production and supply structure to deliver high-quality pharmaceuticals to patients around the world in a stable manner.

For details, refer to page 81

Improving access to healthcare

In addition to taking actions to address unmet medical needs, one of the important missions of pharmaceutical companies is addressing the problem of insufficient access to healthcare caused by various social factors, such as public health, education, and income inequality. To address these issues, the Daiichi Sankyo Group is making effective use of internal and external resources to contribute to improving access to healthcare.

For details, refer to page 49

Materiality on Business Foundations

Promoting compliance management

Robust compliance is essential for the sustainable growth of a company. The Daiichi Sankyo Group is committed to conducting all of its business operations based on the understanding that compliance is more than just adhering to laws, regulations and rules; it involves acting with the highest level of ethics and social consciousness appropriate for a life science-oriented company.

For details, refer to page 51

Promoting environmental management

Various problems have emerged with the progression of global warming, including an increase in natural disasters around the world. The Daiichi Sankyo Group recognizes environmental issues as risk factors that may impact its long-term business activities, and therefore promotes environmental management. The Group aims to achieve sustainable growth of society and businesses through the promotion of environmental management.

For details, refer to page 53

Corporate governance aimed at fulfilling our mission

Establishing a management structure capable of responding speedily and flexibly to changes in the environment is essential for sustainable growth of a company. The Daiichi Sankyo Group will continue to strengthen its oversight functions over management and execution to promote effective corporate governance.

For details, refer to page 19

Promoting the success and development of a diverse range of human resources who can produce competitive advantages

“People” are the most important “asset” of the Daiichi Sankyo Group. We considers it essential to respect the diversity of each and every employee based on our “Human Resources Management Philosophy” to achieve our sustainable growth. We aim to achieve mutual growth between employees and the Group by promoting the success of and development of a diverse range of human resources in order to produce competitive advantages.

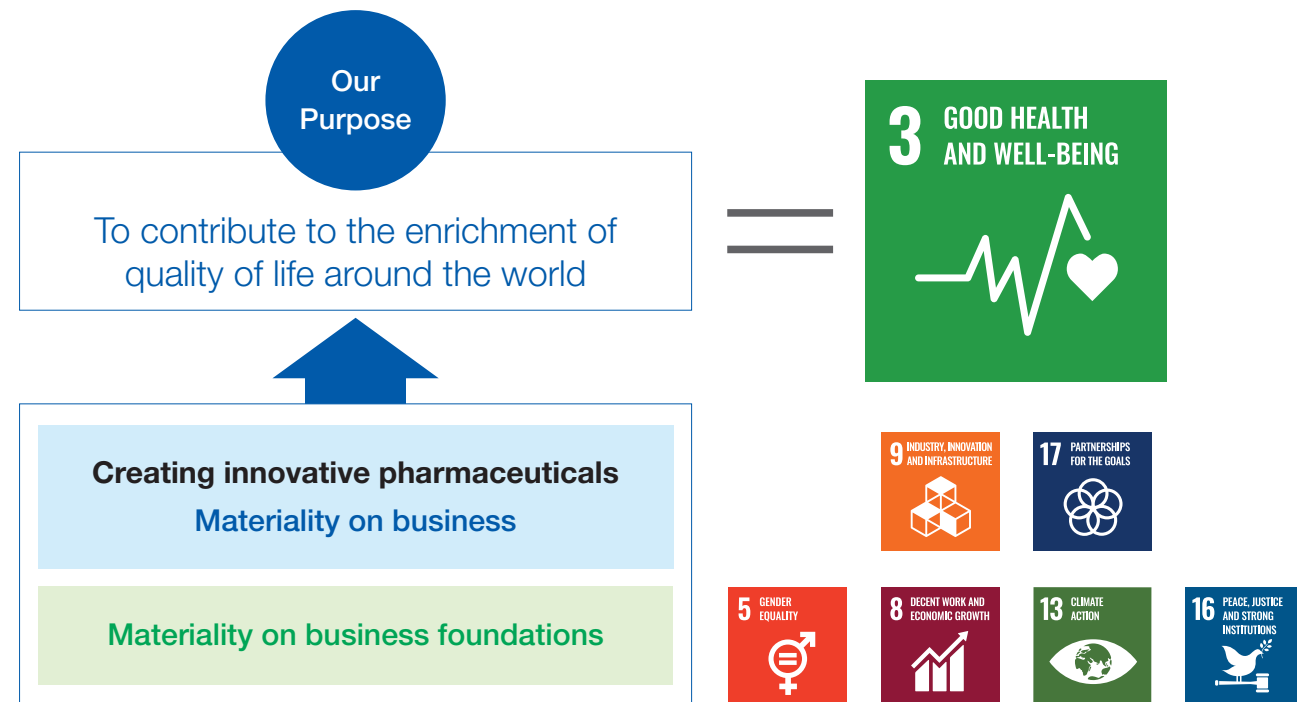
For details, refer to page 57

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Contribution to SDGs through Materiality Initiatives

The Group aims to fulfill its corporate mission through creating innovative pharmaceuticals and other materiality initiatives. The purpose of the Group is “to contribute to the enrichment of quality of life around the world”, as defined in Our Mission. This is also consistent with Goal 3: “Good health and well-being” of the Sustainable Development Goals (SDGs) established by the United Nations.

Initiatives for material issues on business contribute to fostering innovations (Goal 9) and revitalizing the global partnership (Goal 17). Initiatives for material issues on business foundations contribute to gender equality (Goal 5), decent work (Goal 8), climate action (Goal 13), peace and justice through compliance (Goal 16), among others.

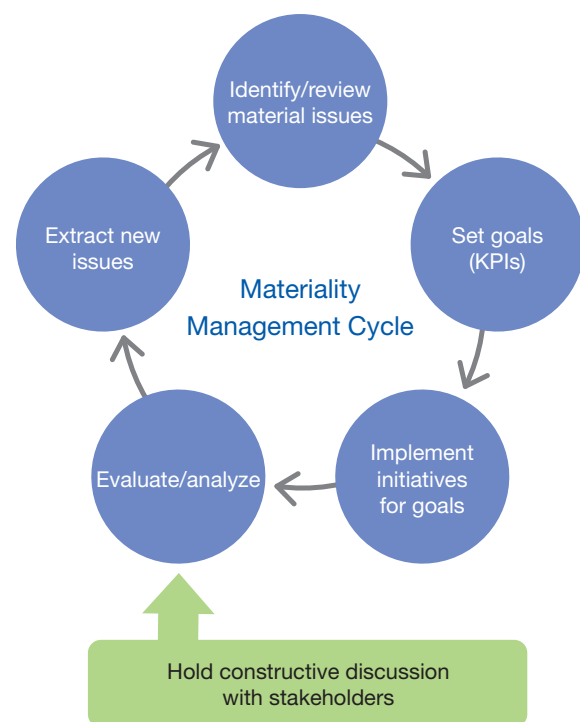


Materiality Management Cycle

We will set goals for each material issue identified and advance specific initiatives. For effective evaluation and analysis, KPIs* will be set, and the progress and achievement of initiatives will be evaluated. In evaluating and analyzing the initiatives, we will consider perspectives from both inside and outside the Group through constructive discussions with various stakeholders, while assessing risks and business opportunities to extract new issues.

We will evaluate the progress and achievement of initiatives each year and check whether we should conduct materiality assessment.

* Key Performance Indicators



Materiality and Examples of Initiatives

Materiality	Examples of Initiatives	SDGs
Creating innovative pharmaceuticals	<ul style="list-style-type: none"> Accelerate development and obtain early approval by utilizing expedited regulatory pathways for innovative new drugs Advance disease research and create innovative medicines through multi-modality strategy based on cutting-edge science & technology Enhance translational research utilizing Omics Activate collaborative relationships with academia, biotech and other industries (open innovation) Develop R&D human resources capable of working together across boundaries 	3, 9, 17
Providing a stable supply of top-quality pharmaceutical products	<ul style="list-style-type: none"> Development of commercial manufacturing processes to continuously produce high-quality pharmaceuticals through research on drug substances, drug products, and quality evaluation Establish a flexible and efficient global manufacturing and supply system (supply chain management) adapted to address changes in the product mix Establish a manufacturing and supply system for cutting-edge pharmaceutical products, including DS-8201 and other ADCs, Axi-Cel™, and oncolytic virus Guarantee the quality of our products in adherence with GMP, whereby we use a scientifically backed method of managing all processes, from receiving raw materials to manufacturing and shipping products Put systems in place to restore operations quickly in the event of an emergency and to ensure a steady supply of pharmaceutical products (including stable procurement of raw materials) with assured quality to help support the continued provision of medical services 	3, 9, 17
Providing the highest quality medical information	<ul style="list-style-type: none"> Promote science-driven global development that maximizes the benefits and minimizes risks of drugs Consolidate the management of patient safety information on a global basis and share the results of assessment and analysis with physicians and other healthcare professionals in clinical settings in order to promote the proper use of our products Create new information in the real world through clinical research and other efforts to further benefit patients after product launch Undertake activities in providing medical information that meets the needs of healthcare professionals including those who engage in team medical care Enhance the expertise of call center staff and use artificial intelligence (AI) to respond quickly and appropriately to diverse inquiries from healthcare professionals 	3, 17
Improving access to healthcare	<ul style="list-style-type: none"> Focus on continued initiatives targeting rare diseases Promote research and development in the field of infectious diseases and measures against Antimicrobial Resistance (AMR) Participate in Access Accelerated, an initiative intended to improve non-communicable diseases (NCDs) in low and lower-middle income countries Participate in the Global Health Innovative Technology (GHIT) Fund, a public-private partnership, which aims to encourage drug discovery for combating infectious diseases in developing countries Provide mobile clinic services in Myanmar 	3, 9, 17
Promoting compliance management	<ul style="list-style-type: none"> Implement the Daiichi Sankyo Group Employee Code of Conduct Enhance global policies related to preventing bribery and corruption Promote Ethical marketing practices Consider R&D ethics, bioethics, and genetic resources Promote compliance and ethics in procurement Work on promoting respect for and adherence to human rights 	10, 15, 16
Corporate governance aimed at fulfilling our mission	<ul style="list-style-type: none"> Appoint a Member of the Board (Outside) as Chairman of the Board Provide the Members of the Board (Outside) with prior explanation to promote their understanding and enhance discussions at the Board of Directors Meeting Enhance the effectiveness of the Board of Directors through the evaluation of the Board of Directors Enhance discussions at the Nomination Committee and the Compensation Committee, which are composed solely of Members of the Board (Outside) and the Audit and Supervisory Board (Outside) 	18
Promoting environmental management	<ul style="list-style-type: none"> Improve the efficiency of energy use with the Energy-saving Diagnosis and reduce CO₂ emissions by utilizing renewable energy Disclose information in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Improve the credibility of environmental performance data by receiving third-party assurance Promote efforts to conserve water resources, such as reducing water consumption by using water reasonably and promoting reuse with purification equipment Conduct environmental auditing and optimize the environmental management system to maximize compliance with environmental laws, regulations, and other requirements 	6, 7, 12, 13
Promoting the success and development of a diverse range of human resources who can produce competitive advantages	<ul style="list-style-type: none"> Promote group talent management with a focus on developing and nurturing the next generation leaders Promote diversity and inclusion Implement initiatives based on action plans for further empowering women Promote occupational health and safety and work style reforms Promote the “Work-Life Cycle” 	5, 8, 9