

Corporate Governance

Message from Chairman of the Board

I am committed to working on sustainable improvement of Daiichi Sankyo's corporate value from the outside perspective.

I am honored to be appointed as Chairman of the Board as the successor to the former Chairman Nakayama, and feel a heavy responsibility as the first outside director taking the chair.

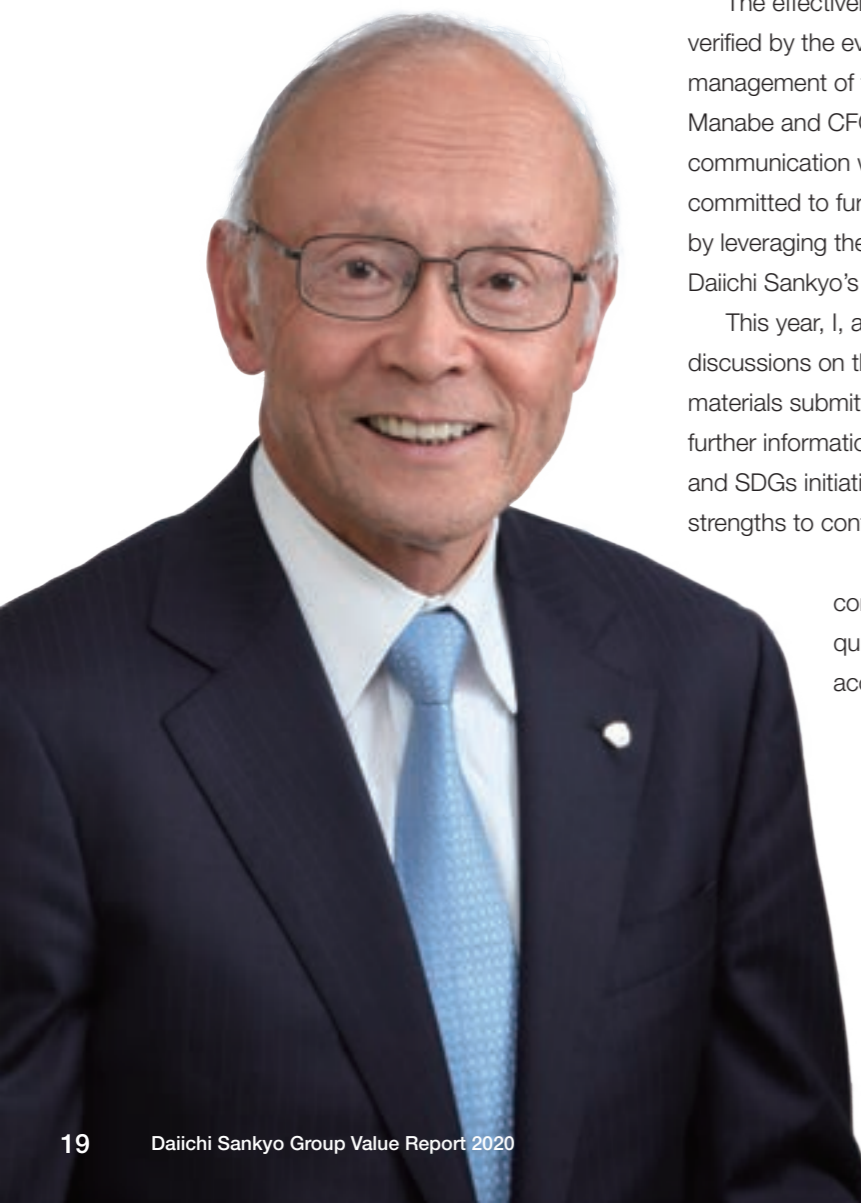
I have six years of experience as an outside director at Daiichi Sankyo and understand the Company's business and culture. I would like to contribute to achieving the vision of becoming a "Global Pharma Innovator with competitive advantage in oncology."

Today, the decision-making function for important management issues as well as the supervisory and monitoring functions over execution are essential for the Board of Directors. I understand that the separation of execution and supervision as well as the transparency of management were key points in the appointment of Chairman from the viewpoint of corporate governance.

The effectiveness of the Company's Board of Directors has been verified by the evaluation of the Board of Directors. In the future management of the Board, I will hold full exchanges of views with CEO Manabe and CFO Sai on the executive side and also emphasize communication with inside and outside directors. I will remain committed to further enhancing and invigorating the Board of Directors by leveraging the outside perspective for sustainable improvement of Daiichi Sankyo's corporate value.

This year, I, as the Chairman, will pay a close attention to sufficient discussions on the next 5-year business plan, the enhancement of materials submitted to the Board of Directors, and the provision of further information to outside directors. In addition, I will focus on ESG and SDGs initiatives to ensure that Daiichi Sankyo leverages its strengths to contribute to society's sustainability.

Furthermore, the entire world is seeking a post-corona vision, and the Company needs to respond quickly to major changes in the world, such as acceleration of digital transformation.



Noritaka Uji
Chairman of the Board

Evolution of the Corporate Governance Structure

The Daiichi Sankyo Group builds a management structure that can respond speedily and flexibly. We also secure legal compliance and management transparency, and 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 the merger of Sankyo Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. in 2007, Daiichi Sankyo has established the Nomination Committee and the Compensation Committee as voluntary committees. A woman was appointed as a Member of the Board in 2019. With the aim of promoting the separation of execution and supervision and increasing the transparency of the Board of Directors, an outside director has served as the Chairman of the Board since 2020.

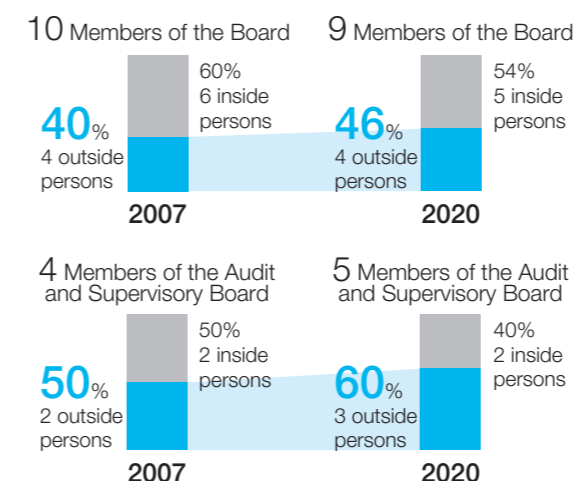
Through these efforts, we are committed to establishing the corporate governance system for the Board of Directors to appropriately make important business decisions and oversight its management, establishing the internal control system that ensures proper operation under delegation of Board of Directors' authority, and operating the board to improve its function and effectiveness.

Going forward, Daiichi Sankyo will continue to work on enhancing its corporate governance systems, as well as securing and improving the functions and effectiveness of the Board of Directors.

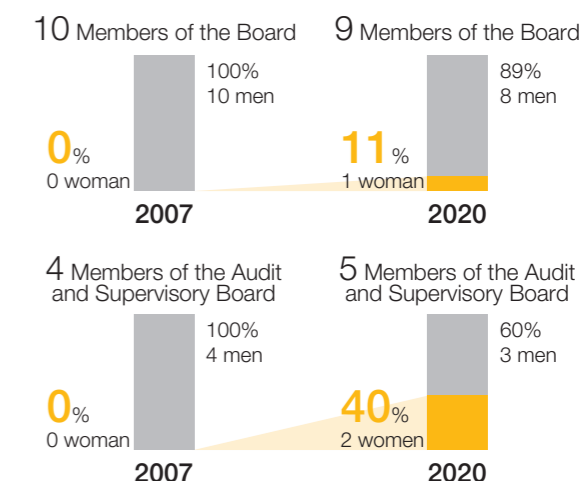
Changes in the Corporate Governance Structure

	2007	2014	2016	2017	2018	2019	2020	
Chairman of the Board	Chairman	CEO				Chairman	Members of the Board (Outside)	
Members of the Board	Outside	4 persons					4 persons, including 1 female member	
	Inside	6 persons				5 persons		
Members of the Audit and Supervisory Board	Outside	2 persons	2 persons, including 1 female member		3 persons, including 2 female members			
	Inside	2 persons						
Nomination Committee	2 outside persons and 1 inside person	4 outside persons	4 outside persons, 1 member of the Audit and Supervisory Board (Observer)					
Compensation Committee	2 outside persons and 1 inside person	4 outside persons	4 outside persons, 1 member of the Audit and Supervisory Board (Observer)					
Remuneration system (Incentive)	Short term: Performance-based bonus							
	Long term: Share remuneration-type stock option plan			Long term: Restricted share-based remuneration plan				
Corporate Governance Code			Explained about 3 items immediately after applying the Code		Complied with all the items		Explained about 1 item after revision	
					Complied with all the items		Complied with all the items	

Percentage of outside directors



Ratio of male and female members



Corporate Governance

Overview of the Company's Corporate Governance Structure

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). In June 2020, a Member of the Board (Outside) was appointed as the Chairman of the Board.

To ensure transparency and improve the supervisory function of management, nomination of candidates for Members of the 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 four Members of the Board (Outside), and one Member of the Audit and Supervisory Board (Outside) participates in each committee as the observer.

For audits of legal compliance and soundness of management, the Company has adopted an Audit and Supervisory Board system and established the Audit and Supervisory Board comprising five Members of the Audit and Supervisory Board, including three Members of the Audit and Supervisory Board (Outside).

The Company prescribes specific criteria on the judgment of independence of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) and basic matters regarding execution of duties by Members of the Board and Members of the Audit and Supervisory Board.

The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.

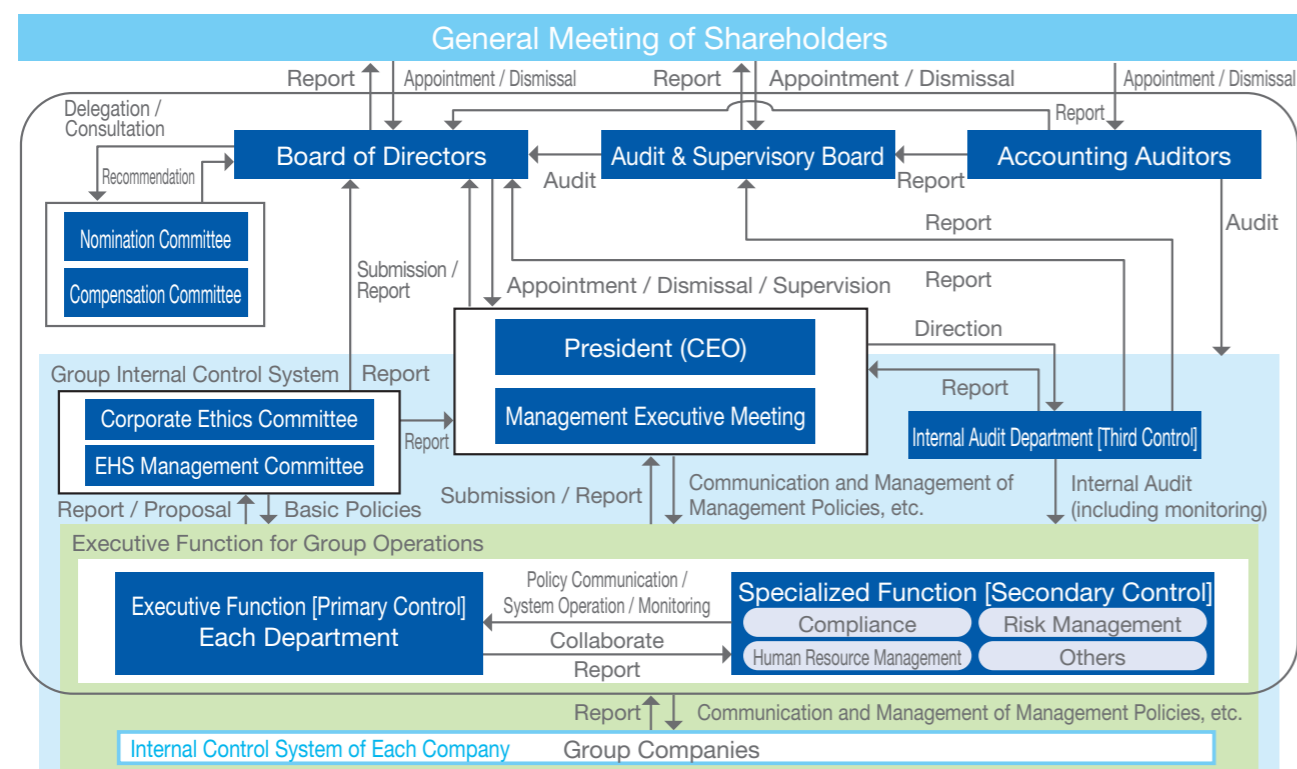
With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system to consist of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Internal Audit Department (tertiary controls).

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

* EHS: Environment, Health, Safety

Overview of the Corporate Governance Structure

(As of September 1, 2020)



Outside Perspectives

The Company's Members of the Board (Outside) and the Audit and Supervisory Board (Outside) are individuals with expertise, experience, and insight in Japan and overseas in fields including corporate management, medical and pharmaceutical sciences, legal and administrative affairs, and finance and accounting. The Members make decisions from a variety of outside perspectives and make appropriate recommendations and suggestions to the Board of Directors.

Participation of Members of the Board (Outside) and the Audit and Supervisory Board (Outside)

- The Company has nine Members of the Board, of which four are outside members. Members of the Board (Outside) have a diverse background as a corporate manager of telecommunication, general heavy industries or IT/ business strategy / marketing strategy and a medical specialist. They play important roles in enhancing the decision-making and oversight functions of the Board.
- The Audit and Supervisory Board has five members, of which three are outside members. Members of the Audit and Supervisory Board (Outside) have expertise based on experiences as an accountant, administrative diplomat, lawyer, and other specialists, and conduct audits of legal compliance and appropriateness of management.
- Both of the Nomination and the Compensation Committees are established to ensure management transparency and improve the supervisory function of management. All four members of each committee are Members of the Board (Outside), and one Member of the Audit and Supervisory Board (Outside) participates in each committee as the observer.
- In addition to the qualification and performance requirements 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 FY2020

	Name	Age*	Years of Office	Independent Director	Significant Past Positions	Board of Directors	Nomination Committee	Compensation Committee	Significant Specialty/Background			
									Corporate Management	Medicine/Pharmacy	Legal/Administration	Finance/Accounting
Members of the Board (Outside)	Noritaka Uji	71	6 years	●	Former Representative Director, Senior Executive Vice President, Nippon Telegraph and Telephone Corporation (NTT)	● (Chairman)	○	○	Information and Communications			
	Tsuguya Fukui	68	5 years	●	Former President of St. Luke's International University President of St. Luke's International Hospital (to present)	○	● (Chairperson)	○	Medicine			
	Kazuaki Kama	71	1 year	●	Former President, Chairman & Representative Director of IHI Corporation	○	○	● (Chairperson)	Heavy Industry			Finance
	Sawako Nohara	62	1 year	●	President, IPSe Marketing, Inc. (to present)	○	○	○	IT Business			
Members of the Audit and Supervisory Board (Outside)	Sayoko Izumoto	66	3 years	●	Former Partner at Deloitte Touche Tohmatsu LLC (C.P.A.)	○		□ (Observer)				Accountant
	Tateshi Higuchi	67	2 years	●	Former Superintendent General Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of the Union of Myanmar	○		□ (Observer)				Administrative Diplomat
	Yukiko Imazu	51	2 years	●	Partner Lawyer, Anderson Mori & Tomotsune (to present)	○						Lawyer

* The ages listed above are as of June 15, 2020 which is the date of the 15th Ordinary General Meeting of Shareholders

Composition and Functions of Each Committee

Nomination Committee

The Nomination Committee has been established to make necessary deliberations on the nomination of Members of the Board, Members of the Audit and Supervisory Board and Corporate Officers as an advisory committee to the Board of Directors and thereby contribute to the enhancement of transparency and supervisory function of management.

In fiscal 2019, meetings were held seven times to discuss some topics such as nomination of candidate Members of the Boards, Members of the Audit and Supervisory Board and Corporate Officers, and successor plan of the President and CEO, candidate executives of Group companies, and diversity of the Board of Directors based on the revised Corporate Governance Code.

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 sufficiently verified by Nomination Committee and then 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 have been discussed by the Nomination Committee, and an appointment (including reappointment) of the CEO is determined by the resolution of the Board of Directors following the sufficient deliberation and the subsequent recommendation by the Nomination Committee.

VOICE Message from Chairperson of the Nomination Committee

I am pleased to announce my appointment as Chairperson of the Nomination Committee. Chairperson plays a role in appointing individuals who will take positions that determine the fate of Daiichi Sankyo, a large corporate organization with a very important social responsibility that relates directly to the lives of many people, and I feel a deep responsibility.

The role of Chairperson is to determine the content of proposals related to the election and dismissal of executives such as Members of the Board. I understand that the significance of Members of the Board (Outside) serving as members of the Nomination Committee lies in making decisions based on their neutrality and independence. I will make every effort to determine executives with the highest potential to develop Daiichi Sankyo with an eye to contributing to humanity and with an open mind.



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

Compensation Committee

The Compensation Committee has been established to deliberate on the policy on compensation of Members of the Board and Corporate Officers and other matters as an advisory committee to the Board of Directors and contribute to the enhancement of transparency and supervisory function of management.

In fiscal 2019, meetings were held eight times to discuss some topics such as amounts and calculation standards for bonuses of Members of the Board and Corporate Officers, allocation of restricted stocks, examination of the remuneration levels for Members of the Board and Members of the Audit and Supervisory Board, and the revision of the compensation system for Members of the Board and Members of the Audit and Supervisory Board.

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 maximizing 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 proportion 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 the performance goal is achieved 100%.

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.

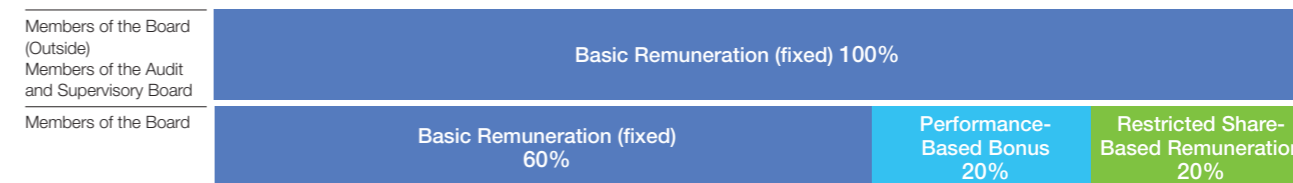
With respect to restricted share-based remuneration as long term incentives, the Company grants, every year in principle, shares with transfer restriction effective until immediately after retirement from the Member of the Board (excluding Members of the Board (Outside)). The objective of the incentive is to share value with shareholders over a longer period of time through the continued holding of the Company's shares by Members of the Board (excluding Members of the Board (Outside)).

The Compensation Committee discussed in fiscal 2019 that Daiichi Sankyo will increase variable remunerations and increasing the ratio of it in order to enhance an

incentive to further increase our corporate value. Daiichi Sankyo will further consider revising the remuneration to Members of the Board and Members of the Audit and Supervisory Board, including the introduction of performance linked stock compensation according to the degree of achievement of performance during the period covered by the next 5-year business plan (starting from fiscal 2021).

In order to ensure that Members of the Board (Outside) and Members of the Audit and Supervisory Board adequately perform their role, which is oversight of management, short term and long term incentives are not provided and only basic remuneration is granted.

The Remuneration system for Members of the Board and Member of the Audit and Supervisory Board for Fiscal 2019



Breakdown of Performance-Based Bonus (Fiscal 2019)

Evaluation Index	Evaluation Criteria	Weight	Goal	Achievement	Evaluation Factor	Bonus Payment Rate
Revenue	Degree of achievement of the budget for the fiscal year	10%	¥940.0 billion	¥981.8 billion	112.2%*	200.5%
Ratio of operating profit to revenue (operating profit)	Degree of achievement of the budget for the fiscal year	10%	10.6% (¥100.0 billion)	14.1% (¥138.8 billion)	172.2%*	
Profit attributable to owners of the Company	Degree of achievement of the target value in the 5-year business plan	80%	¥60.0 billion	¥129.1 billion	215.1%	

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

VOICE Message from Chairperson of the Compensation Committee

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.

In fiscal 2019, the Compensation Committee gathered a variety of information to design a new system, discussed it from various perspectives, and deepened considerations. In fiscal 2020, we will formulate the next 5-year business plan. In line with this, we will promote further discussions.

As visualization of remuneration for executives as well as expanded disclosure thereof are promoted, our stakeholders are increasingly interested in the executives' remuneration. We will fulfill our accountability in designing and operating the new system.



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

Corporate Ethics Committee

We have established the Corporate Ethics Committee to comply with Japanese and other jurisdictions' laws and regulations as well as corporate ethics, fulfills corporate social responsibility, and ensure compliance of its executives and employees. The Committee also has one appointed external attorney to ensure objectivity.

In fiscal 2019, meetings were held twice to discuss some topics such as revisions to the Code of Conduct for Compliance, the abolition of Daiichi Sankyo Group Individual Conduct Principles, the establishment of Daiichi Sankyo Group Employee Code of Conduct, and the Fiscal 2020 Activity Plan.

EHS Management Committee

We have established the EHS Management Committee in an effort to protect the environment, ensure the health and safety of employees, and contribute to the development of a sustainable society through overall corporate activities, while achieving the uniform management and promotion of Environment, Health, and Safety management for which there is a high likelihood of risks occurring.

In fiscal 2019, meetings were held twice to discuss some topics such as measures to combat climate change, information disclosure in line with TCFD* recommendations, a reduction target for occupational accidents, the establishment of Occupational Health and Safety Management System, global healthy policies.

* 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.

Corporate Governance

Key Discussions at the Board of Directors Meetings

The Board of Directors discusses various issues, including important management matters. The following are key agenda items related to ESG, which has become increasingly important in recent years.

- Compliance management activities in fiscal 2018
- Establishment of information governance structure
- Risk management in fiscal 2018
- EHS Management Committee and Social Contributions Committee
- Identification of material risks for fiscal 2020
- **Establishment of the Daiichi Sankyo Group Employee Code of Conduct**
- Removal of the storage facility for contaminated soil at the site of the former Yasugawa plant of Sankyo Co., Ltd.
- **Daiichi Sankyo Group's materiality for fiscal 2020**

* In fiscal 2019, there were 100 items, 50 of which were deliberated and 50 reported.

Examples of Key Discussions related to ESG at the Board of Directors Meetings in Fiscal 2019

Daiichi Sankyo Group Employee Code of Conduct

The Daiichi Sankyo Group Employee Code of Conduct, newly established in April 2020, is a global policy that sets standards of conduct for executives and employees in the Daiichi Sankyo Group to comply with. At a meeting of the Board of Directors held in March 2020 to discuss the Code, lively discussions were made on the importance of ensuring that the Code is fully understood by managers, as well as the importance of ensuring that the Code is also understood by young employees who will lead the Company in the future.

Materiality

In response to the initial proposal, the Members of the Board (Outside) gave various feedback. They pointed out that sufficient explanation was not given regarding the level of importance of material issues such as "promoting compliance management". It was also mentioned that the importance of "promoting environmental management" should be considered higher although the environmental burdens caused by the business activities of pharmaceutical companies are generally small. The two meetings of the Board of Directors in February and March 2020 had lively discussions about materiality.

Enhancing the Effectiveness and Function of the Board of Directors

Method for Evaluating the Board of Directors

The Company has conducted the evaluation of the Board of Directors every fiscal year. Items to be evaluated includes an assessment of Members of the Board themselves in addition to the Board of Directors as a whole, taking into consideration the principle and supplementary principle associated with the general principle 4, "Roles and Responsibilities of the Board" of Japan's Corporate Governance Code.

All Members of the Board self-evaluate the above matters by selecting grades and answering free descriptions, and the analysis results and the details are reported to the Board of Directors.

The self-evaluation in fiscal 2019 generated quite a few candid opinions about all of the evaluation items using a free description format. The Company has identified the issues from free-descriptions that can help improve the functions and effectiveness of the Board of Directors.

Major Initiatives in Fiscal 2019 for Issues Requiring Improvement Based on the Evaluation Results in Fiscal 2018

	Issues requiring improvement (as determined in fiscal 2018)	Major Initiatives in fiscal 2019
1	Enhancement of discussion on the Board of Directors' decision-making and oversight functions, as well as monitoring and risk management functions	Discussions were held on matters involving risk monitoring and management, business alliances, and information governance structures.
2	Establishment of forums for enhanced discussion in the Board of Directors	Substantive discussions were held on matters such as the trajectory of the Company's oncology business by setting up forums other than meetings of the Board of Directors.
3	Preparation of sufficient proposal and report content as needed for discussion and decision-making materials	Mutually-linked agendas were set and enhancements were made to information for discussions and decision-making.
4	Further enhancement involving delivery of information in a manner that will promote understanding of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)	Explanations were provided on an individual basis prior to each meeting of the Board of Directors. Briefing sessions were held for Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside). And a tour of Shinagawa R&D Center was carried out.
5	Ensuring the diversity of the Board of Director particularly in terms of gender and nationality	A woman was appointed as a Member of the Board on June 17, 2019.

Priority Measures for the Board of Directors in Fiscal 2020

Fiscal 2020 is a year for developing the next 5-year business plan. Taking into account the appointment of an outside director as Chairman of the Board, among others, we will work to ensure and improve the functions and effectiveness of the Board of Directors by focusing on the priority measures listed on the right.

- 1 **Enhancement of discussion about the next 5-year business plan**
- 2 **Further enhancement of proposal and report content to the Board of Directors**
- 3 **Further enhanced delivery of information in a manner that will promote understanding of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)**

Status of Audit by Members of the Audit and Supervisory Board

Organization, personnel and procedures of the audit by Members of the Audit and Supervisory Board

As a company with the Audit and Supervisory Board, the Company has five Members of the Audit and Supervisory Board (two Members of the Audit and Supervisory Board (Full-time) and three Members of the Audit and Supervisory Board (Outside)), which includes one certified public accountant.

To further strengthen the audit functions of Members of the Audit and Supervisory Board, three full-time staffers, who are independent from the execution of operations, assist with the duties of Members of the Audit and Supervisory Board.

Activities of the Audit and Supervisory Board and its Members

The Company's Audit and Supervisory Board generally holds meetings one time per month.

Aside from Audit and Supervisory Board meetings, meetings to exchange views among Members of the Audit

and Supervisory Board are held after the Board of Directors' meetings.

Approximately 110 minutes was devoted to Audit and Supervisory Board meetings in an average month, and 24 proposals were placed on the meeting agenda in Fiscal 2019.

Key matters for sharing and consideration in Audit and Supervisory Board meetings

- Audit policy, audit plans, and segregation of duties
- Audit Reports by the Audit and Supervisory Board
- Consent for "Election of Members of the Audit and Supervisory Board" as proposals in General Meetings of Shareholders
- Evaluation of Accounting Auditors
- Evaluation of the effectiveness of the Audit and Supervisory Board
- Status of execution of duties by Members of the Audit and Supervisory Board (Full-time) on a monthly basis
- Audit plans and status of auditing with respect to major domestic Group companies

Activities of Members of the Audit and Supervisory Board

	Activities	Relevant Members
Meetings with Representative Directors (Members of the Board)	held twice a year	Full-time / Outside
Meetings with Members of the Board	held once a year	Full-time
Attendance in important meetings	attendance in meetings such as those of the Board of Directors, Management Executive Meeting, Corporate Ethics Committee, and EHS Management Committee	Full-time / Outside (attendance in meetings by Members of the Audit and Supervisory Board (Outside) is limited to those of the Board of Directors)
Attendance, etc. in important meetings of domestic Group companies	acting as Members of the Audit and Supervisory Board (Part-time) of the principal domestic Group companies, attendance in meetings of bodies such as the Board of Directors and Management Executive Meeting of such companies, and perusal of approval documents and other such documentation	Full-time
Perusal of important documents	perusal of documentation that includes approval documents, materials and minutes of important meetings	Full-time
Audit by Members of the Audit and Supervisory Board	Heads of Division, Vice Presidents (department), Vice Presidents (branch), Vice Presidents (research laboratory), internal control officers of domestic and overseas Group companies, etc.	Full-time and some Outside
Advice and requests at the Board of Directors' meetings		Full-time / Outside
Membership of voluntary advisory committees	observer of Nomination Committee and Compensation Committee	Outside
Cooperation with Members of the Board (Outside)	engaging in opinion-exchange	Full-time / Outside
Meetings with Members of the Audit and Supervisory Board (Full-time) of domestic Group companies	held twice a year	Full-time
Cooperation with the Internal Audit Department	reporting internal audit plans and results thereof, periodically engaging in information-sharing and opinion-exchange	Full-time
Cooperation with the Accounting Auditors	receiving briefings and reports from the Accounting Auditor on matters that include the audit plan, audit/quarterly review results, results of internal control audit (J-SOX), and engaging in opinion-exchange	Full-time / Outside

COLUMN

Audit and Supervisory Board evaluation

The Audit and Supervisory Board conducted the Audit and Supervisory Board evaluation for Fiscal 2019 to heighten its effectiveness of the Audit and Supervisory Board.

Implementation method of the Audit and Supervisory Board evaluation

The Audit and Supervisory Board established a wide range of evaluation items to assess Audit and Supervisory Board effectiveness. Each Member of the Audit and Supervisory Board conducted a self-evaluation of the Audit and Supervisory Board by selecting grades and answering free-descriptions. The Audit and Supervisory Board then discussed those matters.

Results of the evaluation of the Audit and Supervisory Board

The evaluation has concluded that although the Company's Audit and Supervisory Board largely carries out its activities appropriately, and the effectiveness of the Audit and Supervisory Board has been ensured, there is room for improvement in terms of heightening its effectiveness going forward. The Audit and Supervisory Board will draw on these results in terms of applying them to initiatives to be carried out for subsequent fiscal years.

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 speedy 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).

We believe that Daiichi Sankyo has, during this medium term, found a part of its path toward achieving the 2025 Vision of having competitive advantage in oncology and it is time to discuss the next 5-year business plan. Addressing changes and advancing to achieve our vision is of utmost importance, under the situation where the business environment significantly changes within and outside the Company including a large-scale alliance. In that sense, I will take actions while incorporating the perspective of "aggressive governance".

I am committed to offering viable advice and suggestions based on my insight and experience as a corporate manager in the information and communications industry. At the same time, from my external standpoint, I will strive to facilitate effective corporate governance which can contribute to formulating strategies and making proactive investments for sustainable growth.

Against the backdrop of post-corona challenges and digital transformation, I believe leveraging advances in information and communications technology (ICT) in the management of the Company so as to contribute to the enrichment of quality of life around the world is also extremely important.



Tsuguya Fukui

Member of the Board (Outside)
(Independent Director)

Novel coronavirus infection (COVID-19) is spreading like wildfire. Since St. Luke's International Hospital accepted the second patient with COVID-19 in Japan in late January this year, the hospital has continued to treat patients with COVID-19.

We have learned many things in the last six months. One of them is the importance of "sharing the correct information and making collective decisions" in the event of a medical emergency. Needless to say, pathological conditions of the new infection are not well understood, and new information flies around the world every day. Therefore, false alarms, rumors, and erroneous reports can spread easily in all aspects of diagnosis, treatment, and prevention. Healthcare professionals must gather information (research articles, reports on measures in Japan and overseas, etc.) quickly by using information technology skills, determine whether the information is correct, and make clear decisions about actions and policies to be taken by an organization or individual.

Even as I have been overwhelmed with busy days, I recognized again the significance of the role and expectations for pharmaceutical companies in human society. Everyone is waiting eagerly for the development of COVID-19 drugs and vaccines. As a Member of the Board (Outside), I would like to contribute in some way so that the Company can play an important role in bringing down COVID-19.



Kazuaki Kama

Member of the Board (Outside)
(Independent Director)

With DS-8201 approved in the United States and Japan, the last fiscal year was a milestone year for the Company seeking to achieve the 2025 Vision of becoming a "Global Pharma Innovator with competitive advantage in oncology".

Meanwhile, COVID-19 is rampant around the world. As a pharmaceutical manufacturer, Daiichi Sankyo is expected to be fully committed to confronting this threat and finding solutions.

In this fiscal year, we will formulate the next 5-year business plan. The plan will include clear strategies, measures, and timetables for achieving our 2025 Vision. The COVID-19 pandemic also brings about major changes in the execution of our operations and the way employees work.

As a Member of the Board (Outside), I will play the role of an "attacking force" by determining management policies and supporting measures for the Group's sustainable growth and enhancement of corporate value in the uncertain business environment of "with corona" and "post-corona". At the same time, I will play the role of a "defensive player" by assessing risks and evaluating the effectiveness of governance and internal control.

I intend to fulfill my role by leveraging my experience and knowledge as a corporate manager in a comprehensive heavy industry manufacturer as well as my expertise and practical experience in the fields of finance and accounting.



Sawako Nohara

Member of the Board (Outside)
(Independent Director)

As a company aiming to become a Global Pharma Innovator, Daiichi Sankyo has a broad range of drug discovery patterns, from in-house research and development to manufacturing and sales. The Company makes quick management decisions while keeping a balance between securing immediate earnings and investing in drug discovery for the future. Meanwhile, the expansion of our overseas operations requires a global shift in our management structure. I also believe that it is our important task to promptly implement work style reforms and digital transformation in line with the "with/after-corona" era.

From the perspective of corporate governance, inside and outside Members of the Board hold active and substantive discussions at the Board of Directors Meetings. Although positioned as voluntary committees, the Nomination Committee and the Compensation Committee have been established. In these committees, outside directors play a central role in facilitating in-depth discussions about important topics such as appointment of executives, CEO succession plan, and remuneration for executives. I highly appreciate such roles of outside directors as it can contribute to fulfilling management accountability to stakeholders and increasing our corporate value.

I have entered my second year as an outside Member of the Board. Going forward, I would like to present various questions and proposals actively from an external perspective and thereby contribute to enhancing the Company's corporate value.

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



Sayoko Izumoto

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

With the approval and launch of DS-8201 (ENHERTU) in Japan and the United States, which was followed by accelerated development, 2019 marked the very first major step toward achieving our 2025 Vision of becoming a “Global Pharma Innovator with competitive advantage in oncology.” Drug discovery requires long-term research and development efforts, and a large amount of investment to support the efforts. The key to success lies in the passion of everyone in the Group, from those involved in research, development, and manufacturing to those in charge of sales, for contributing to the enrichment of quality of life around the world. In addition, the Group has accelerated its innovation in cooperation with other organizations for new drug discovery in non-oncology fields. Furthermore, fight against infections revealed by COVID-19 pandemic has gathered a great attention, and expectations are high and challenging for the pharmaceutical industry. On the other hand, global efforts have been made to fulfill our mission. We look forward to seeing growth in 2025 and beyond.

As regards the Company’s business activities, I remain committed to fulfilling my role as a Member of the Audit and Supervisory Board so that the Company can establish good corporate governance structures, in order to disclose information appropriately in compliance with laws and regulations, ensure transparency and fairness in corporate decision-making, and achieve effective corporate governance (Main Purport of General Principle 3).



Yukiko Imazu

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

A higher priority is placed on transparency and compliance in corporate management than ever before. This year, measures have been taken to combat COVID-19, and major changes are brought about to the work style of each employee due to COVID-19. 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.

In order to fulfill our mission of contributing 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 Company must be flexible to meet the needs of the times. However, when a company tries to make a change, not only opportunities but also risks will arise. 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 risks 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.



Tateshi Higuchi

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

It has been two years since I assumed my position as a Member of the Audit and Supervisory Board (Outside).

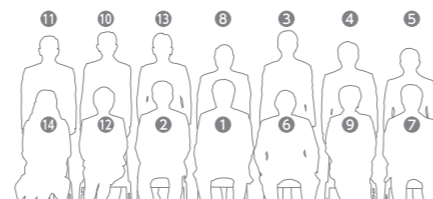
Who could have imagined the current situation at the beginning of the peaceful New Year holidays in 2020? In just a few months, COVID-19 spread rapidly and utterly changed the world. This is an unprecedented situation on a global scale.

The public and private sectors are all at a loss for direction and working hard to find a way to break the deadlock. Now, the question that we are asked: What is the essence that must be respected in any situation and what is the truth that never changes in any situation?

As described in the Japanese four character idiom, *Kyakka Shouko* (meaning “find where you are”), I believe, it is time to revisit our corporate mission: *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 statement lights our way to the future.

As a Member of the Audit and Supervisory Board, I would like to play a role in every way possible in resolving the current issues. I believe this is the way to respond to the expectations and trust of our many stakeholders.

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



Members of the Board

Representative Director,
Member of the Board,
President and CEO **Sunao Manabe ①**

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 ②**

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)

Members of the Board, Senior
Executive Officer, Head of
Sales & Marketing Division **Satoru Kimura ③**

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)

Senior Executive Officer,
Head of Digital Transformation
Management Division **Masahiko Ohtsuki ④**

Career Summary, Positions, and Assignments

- 1987 Entered Sankyo Company, Limited
- 2010 Vice President, R&D Planning Department, R&D Division of the Company
- 2012 Vice President, Research Oversight Function, R&D Division of the Company
- 2013 Vice President, Research Oversight Function, R&D Division of the Company
- 2014 Corporate Officer, Vice President of Research Oversight Function, R&D Division of the Company
- 2018 Corporate Officer, Vice President of Business Development & Licensing Department of the Company
- 2019 Executive Officer, Vice President of Business Development & Licensing Department of the Company
- 2020 Senior Executive Officer, Head of Digital Transformation Management Division
- 2020 Member of the Board, Senior Executive Officer, Head of Digital Transformation Management Division of the Company (to present)

Senior Executive Officer,
Head of Global Brand
Strategy Division **Shoji Hirashima ⑤**

Career Summary, Positions, and Assignments

- 1988 Entered Daiichi Pharmaceutical Co., Ltd.
- 2010 CEO, U3 Pharma GmbH
- 2015 Vice President, Corporate Strategy Department, Corporate Strategy Division of the Company
- 2016 Vice President of Corporate Strategy Department and Senior Director of Oncology Business Group, Corporate Strategy Division of the Company
- 2017 Corporate Officer, Vice President of Corporate Business Management Department, Corporate Strategy and Management Division
- 2019 Executive Officer, Head of Global Brand Strategy Division of the Company
- 2020 Senior Executive Officer, Head of Global Brand Strategy Division of the Company
- 2020 Member of the Board, Senior Executive Officer, Head of Global Brand Strategy 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 (currently, Nippon Telegraph and Telephone Corporation (NTT))
- 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 (Outside) of the Company (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

- (Material Concurrent Positions)
- 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
- 2019 Member of the Board (Outside) of the Company (to present)
- 2020 Senior Advisor of IHI Corporation (to present)

- (Material Concurrent Positions)
- Senior 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 Life Science 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
- 2012 Audit & Supervisory Board Member (Outside) of Sampo Japan Insurance Inc.
- 2013 Outside Director of the Board of NKJS Holdings, Inc. (currently, Sampo 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.
- 2018 Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd. (to present)
- 2019 Member of the Board (Outside) of the Company (to present)
- 2020 Project Professor of the Graduate School of Media and Governance, Keio University (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 Sampo Holdings, Inc.
 - 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
- 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
 - Outside 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)
- Outside Director of MIURA CO., LTD.
 - Member of Japan Casino Regulatory Commission, an external bureau of the Cabinet Office
 - External Member of the Audit and Supervisory Board of TAISEI CORPORATION

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

Career Summary and Positions

- 1996 Entered Anderson Mori (currently, Anderson Mori & Tomotsune)
- 2005 Partner of Anderson Mori & Tomotsune (to present)
- 2007 Associate Professor of Keio University Law School
- 2014 Director of Ishibashi Foundation (to present)
- 2018 Member of the Audit & Supervisory Board (Outside) of the Company (to present)

- (Material concurrent positions)
- Partner of Anderson Mori & Tomotsune
 - Director of Ishibashi Foundation

(as of September 1, 2020)