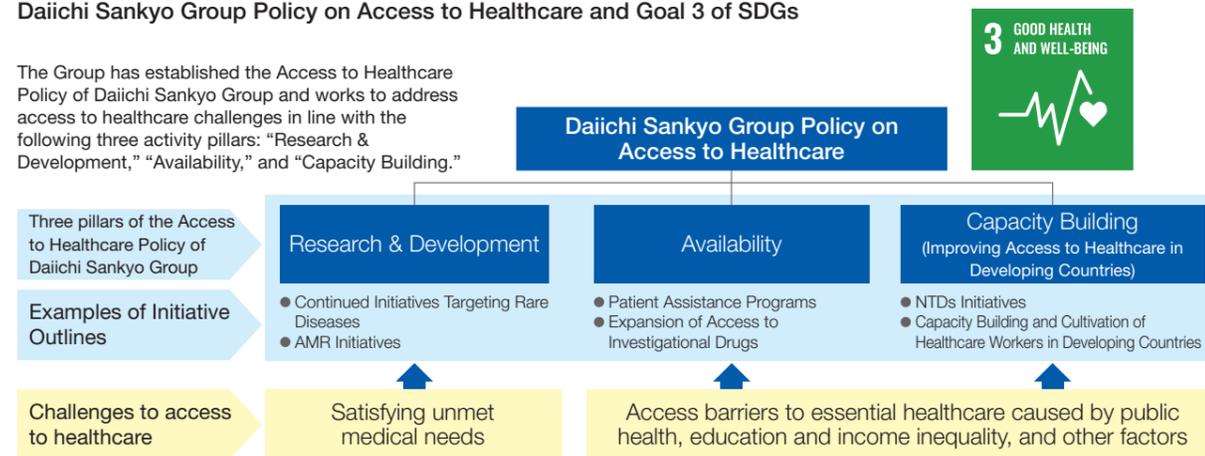


# Improvement of Access to Healthcare

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. The Daiichi Sankyo Group works on resolving the challenges to access to healthcare throughout its entire value chain in accordance with the Daiichi Sankyo Group Policy on Access to Healthcare. Through efforts to resolve these challenges, we contribute to achieving Goal 3: “Ensure healthy lives and promote well-being for all at all ages” of the Sustainable Development Goals (SDGs).

## Daiichi Sankyo Group Policy on Access to Healthcare and Goal 3 of SDGs

The Group has established the Access to Healthcare Policy of Daiichi Sankyo Group and works to address access to healthcare challenges in line with the following three activity pillars: “Research & Development,” “Availability,” and “Capacity Building.”



### Continued Initiatives Targeting Rare Diseases

The Daiichi Sankyo Group works actively on the development of pharmaceuticals for rare diseases with a small number of patients and with significant social needs for which no effective treatment is available.

*DS-5141*, a nucleic acid drug based on Daiichi Sankyo’s proprietary nucleic acid modification, is being examined for the treatment of Duchenne muscular dystrophy in phase 1/2 clinical trials in Japan. *DS-4108*, a drug using the same technology, targets glycogen storage disease type Ia (GSDIa) and is undergoing pre-clinical trials. The TNAP\* inhibitor *DS-1211*, which targets pseudoxanthoma elasticum, has been evaluated in phase 1 clinical trials in the United States. The table below lists the orphan drugs currently available.

In the field of rare diseases, We will continue its quest to create innovative pharmaceuticals by using the Company’s strength in science and technology.

\*Tissue non-specific alkaline phosphatase. A membrane-bound enzyme that degrades pyrophosphate.

### Orphan drugs

Disease	Drug name
Atypical hyperphenylalaninemia	<i>Biopten</i>
Severe spastic paralysis	<i>Gabalon intrathecal injection</i>
Toxic methemoglobinemia	<i>Methylene Blue</i>
Acute myeloid leukemia	<i>Quizartinib</i>
Tenosynovial giant cell tumor	<i>Pexidartinib</i>

### Measures against Antimicrobial Resistance (AMR)

The emergence and spread of antimicrobial-resistant bacteria is now a major global public health issue. Unless appropriate measures are taken now, antimicrobial-resistant (AMR) bacteria-related infectious diseases are estimated to cause approximately 10 million deaths worldwide per year by 2050. The Daiichi Sankyo Group has taken measures against AMR by partnering with external organizations in utilizing its assets acquired through activities in the field of infectious diseases.

In 2019, the Company signed an agreement to participate in the AMR Screening Consortium led by the Global Antibiotic Research and Development Partnership (GARDP). Daiichi Sankyo is the third Japanese company to participate in the Consortium, which aims to acquire novel compounds with antibacterial activity by using the chemical libraries of the respective companies. Last year, we transferred 110,000 strains of clinical isolates in Japan to the National Institute of Infectious Diseases, free of charge. The isolates were pooled in a drug-susceptibility study of *levofloxacin*, a synthetic antibiotic created by Daiichi Sankyo. These isolates are expected to be used widely for research at the Antimicrobial Resistance Research Center of National Institute of Infectious Diseases.

In July 2020, Daiichi Sankyo decided to participate in and contribute US\$20 million to the AMR Action Fund, which was established to support the clinical development of new antibiotics and to realize a sustainable antibiotics market. Through the participation in the Fund, we will promote the development of innovative antibiotics and contribute to the prompt resolution of AMR issues around the world.

### Initiatives for Malaria, Tuberculosis, and Neglected Tropical Diseases (NTDs) through Partnerships

The Daiichi Sankyo Group makes the best use of its accumulated scientific findings and global network and promotes partnership-based drug discovery. Collaboration with partners possessing leading edge scientific knowledge around the world brings synergies to initiatives that cannot be completed by the Group alone. This initiative contributes to Goal 17: “Partnerships for the Goals” of the Sustainable Development Goals (SDGs) adopted by the United Nations member states.

Daiichi Sankyo has contributed to the Global Health Innovative Technology (GHIT) Fund since its establishment in April 2013. The GHIT Fund is a public-private partnership originating in Japan and aims to achieve drug discovery for combating infectious diseases in developing countries.

The Group is utilizing the partnership through the GHIT Fund structure to undertake a number of projects, including one to explore clinical candidate compounds for the treatment of Chagas disease, which is considered to be one of neglected tropical diseases (NTDs), and another to explore candidate anti-tuberculosis drugs from natural products.

### Capacity Building

Barriers to healthcare access in developing countries are attributable to a wide range of factors, including insufficient healthcare insurance system and medical infrastructure, and shortage of healthcare professionals.

To address these healthcare access-related issues, Daiichi Sankyo has worked since 2011 on vaccination, prenatal and postnatal health checkups and other mobile healthcare field clinic services, cultivation of healthcare

workers, and awareness-raising activities for local residents, among other initiatives, in Cameroon, Tanzania, India, and other regions where medical infrastructure is insufficient. In China, we have undertaken activities for 5 years since 2015 to improve the health and nutritional status of children under 5 years of age through cultivation of healthcare workers and strengthening of the abilities of local residents in impoverished areas where ethnic minorities reside.

In Myanmar, we have worked since 2019 on mobile medical services with vehicles, as well as capacity building and awareness-raising activities for healthcare workers, community health volunteers, and local residents. Due to the impact of COVID-19, scheduled activities such as mobile medical services have been restricted. Nevertheless, community health volunteers trained in the project are undertaking awareness-raising activities for disease prevention and follow-up of malnourished children for local residents while receiving support from remote healthcare workers with communication devices.



A child undergoing health checkup

### VOICE For healthy lives for all



Sustainability Promotion Department  
Environmental Management & Global Health Group  
**Osamu Watanabe**

Since 2011, in collaboration with the international NGO Plan International, we have carried out mobile healthcare field clinics in Tanzania and a training of healthcare workers and a raising awareness among guardians in China. In Myanmar, we are currently implementing a mobile clinic project with vehicles. The ultimate goal of our activities is to enable local people to take over and develop the activities on their own after the completion of the project. The goal has been achieved in the three countries where the projects were completed. In Tanzania, local residents have built a health center by themselves. In China, awareness-raising activities on maternal and child health and nutrition management, among other activities, have spread even outside the targeted areas.

In order to reduce health disparities in the world, we will remain committed to improving access to healthcare and creating an environment where local residents play a central role in solving their problems on their own.

# Promoting Compliance Management

Thorough compliance is essential for the sustainable growth of a company. 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.

## Implementation of the Daiichi Sankyo Group Employee Code of Conduct

In recent years, global companies are expected to establish broad-ranging global policies regarding the requirements for the behavior of individuals across their respective organizations. Moreover, global policies must be adhered to and disclosed appropriately outside of a company to show that its global business activities are being conducted with integrity. Replacing the Daiichi Sankyo Group Individual Conduct Principles, we have newly established the Daiichi Sankyo Group Employee Code of Conduct ("ECC") to provide broader, uniform standards of individual behavior expected of the executives and employees of all Daiichi Sankyo Group companies must comply with in April 2020.

We are conducting training programs regularly to increase awareness of the ECC.



## Compliance Training and Educational Activities

Ongoing compliance trainings and educational activities are indispensable parts of promoting our compliance programs.

In order to promote understanding of compliance, encourage strong corporate ethics, and cultivate an open workplace environment, we have been conducting small group discussion-type trainings (interactive training) using original training materials in the Company and Japan Daiichi Sankyo Group companies since fiscal 2016. Furthermore, we conduct compliance trainings by external specialists on a regular basis for the board members, Members of the Audit and Supervisory Board, Corporate Officers of the Company, and various employees of Japan Daiichi Sankyo Group companies, such as presidents and compliance officers. We also conduct compliance trainings annually for new employees of the Company and Japan Daiichi Sankyo Group companies and newly-appointed managers for each respective position. Employees at overseas Daiichi Sankyo Group companies are also conducting compliance training using case studies and

e-learning programs, depending on the circumstances in each region.

Furthermore, we are also working on raising compliance awareness throughout Daiichi Sankyo Group, as part of educational activities in Daiichi Sankyo Group. For example, we periodically send messages of the Company's CEO regarding the importance of compliance globally in order to further raise awareness of compliance.



## Using a Compliance Reporting System

We have established and operated a compliance reporting system according to the circumstances in each region. We also implement measures to ensure its effectiveness. It is clearly stated in the internal rules that a person who has reported an actual or potential compliance issues, or who has asked for advice, is protected from retaliation.

The Company has compliance reporting systems in place that can be used to report and consult about legal and regulatory violations, harassment, policy violations, or other internal issues at the Company or Japan Daiichi Sankyo Group companies to the applicable internal Legal Affairs Department, Compliance Department, or to an external law firm in certain special cases. We respond promptly and appropriately to prevent damage from occurring or spreading. There are also harassment consultation contact persons for Japan Daiichi Sankyo Group employees in the Human Resources Department, in each business function, and in external organizations.

Furthermore, each Japan Daiichi Sankyo Group company provides reporting channels such as a hotline or e-mail system.

In addition, the Company also receives reports or consultation from the outside of the Company through the Company's website. In fiscal 2019, the Company and Japan Daiichi Sankyo Group companies conducted group discussion-type, interactive trainings or online trainings for compliance reporting targeted toward all employees.

Each Daiichi Sankyo Group company outside of Japan also provides reporting channels. For example, Daiichi Sankyo, Inc. (DSI) provides a hotline and web-based channels, managed by an outside vendor, for accepting reports of compliance-related matters 24-hours a day, 7-days a week and consultation about such reports. In

addition, Daiichi Sankyo Europe GmbH ("DSE") provides external channels for accepting reports and consultation from European subsidiaries in each language. DSI and DSE also receive reports and consultation from the outside of the companies on their websites.

## Measures to Combat Counterfeit Medicines

In response to the growing threat of counterfeit pharmaceuticals, Daiichi Sankyo is reviewing the sealing materials used in the products manufactured and marketed by us, and working on changing their package specifications. We are also working to evaluate and introduce technologies to prevent counterfeit pharmaceuticals from being marketed. In order to enhance the traceability of pharmaceutical products, the labelling of GS1 codes will become obligatory by 2021, and pharmaceutical companies in Japan will be required to display the codes incorporating data on expiration dates and manufacturing numbers on the sales package unit and the tertiary package unit. Daiichi Sankyo is responding to this obligation, and GS1 codes are now being used for more than 90% of our products. They will be used on all products by 2021.

In European countries, the United States, and other countries where serialization<sup>\*1</sup> is becoming a requirement, we are taking steps to reliably address this in each individual country. Within the United States in particular, we are already responding to serialization requirements based on the Drug Supply Chain Security Act (DSCSA), and we have also completed serialization at sales unit and packaging level.

In addition, we are actively promoting compliance with the GDP<sup>\*2</sup> to increase the assurance of reliability during the storage and transportation of pharmaceuticals. Moreover, Daiichi Sankyo is a member of Rx-360, a consortium of global pharmaceutical companies and suppliers. The

purpose of the consortium is to introduce a global quality assurance system and audit program to prevent counterfeiting. We are also striving to precisely respond in accordance with the regulations and risks in all countries and regions where we operate, in order to combat the global issue of counterfeit pharmaceuticals and are engaging in diligent study to ensure we can safely deliver pharmaceuticals to patients.

<sup>\*1</sup> The assigning of a unique serial number to each sales packing unit for product logistics management (tracking and tracing).

<sup>\*2</sup> Good Distribution Practice.

## Enhancing Anti-Bribery & Anti-Corruption System

The laws and regulations against bribery and other forms of corruption in countries around the world are growing stricter with each coming year. Thus, it is becoming increasingly important for companies developing their operations on a global scale to implement initiatives for preventing bribery and other forms of corruption.

We clearly state the expectation that executives and employees may not engage in any bribery and corruption practices in the ECC. Along with the ECC, the Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy, which was established in October 2017, specifically prohibits cash payment to government officials and healthcare professionals.

We also continue to conduct trainings for anti-bribery and anti-corruption regularly and bolster our anti-bribery and anti-corruption structure. We take measures against bribery and other unwanted activities in business in high-risk countries in particular. The measures include regular visits to our Group companies in such countries by compliance function in the Legal Affairs Department of the Company.

## VOICE Establishment of Ethics & Compliance Group



Senior Director, Ethics & Compliance Group,  
Legal Affairs Department,  
Daiichi Sankyo Co., Ltd.

**Kasumi Fujii**

Established in April 2020, the Ethics & Compliance Group of the Company's Legal Affairs Department plays a central role in the compliance promotional activities of the entire Daiichi Sankyo Group. Specifically, the Ethics & Compliance Group serves as the administrative office for the Corporate Ethics Committee and the Global Compliance Advisory Committee in the Company, examines global policies on compliance, conducts Compliance Awareness Surveys, provides compliance training, and responds to hotline reports (and other reporting channels), among other activities. In recent years, it is becoming increasingly important for companies not only to comply with laws, regulations, and other requirements but also to act ethically. In addition to thorough compliance with applicable laws, regulations and other requirements, our Group companies implement a range of compliance promotional activities to encourage all executives and employees to make ethical decisions based on "Integrity." New compliance-related challenges are also emerging as our Group companies' business changes. The Ethics & Compliance Group will work closely with relevant departments across the Company to resolve these challenges and minimize compliance risks.

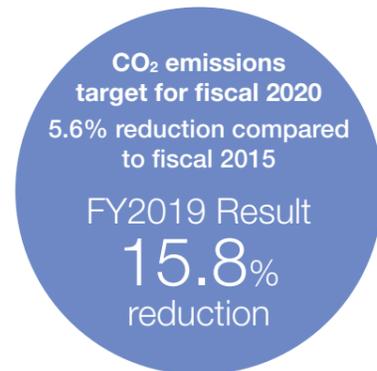
# Promoting Environmental Management

The Daiichi Sankyo Group recognizes, with great importance, environmental issues such as global warming or extreme weather which have impacts on our work and life, and we also understand that these issues are risks that may affect long-term business itself. We work to promote environmental management based on this understanding, and we believe that doing so contributes to a sustainable society and helps build long-term foundations for corporate growth.

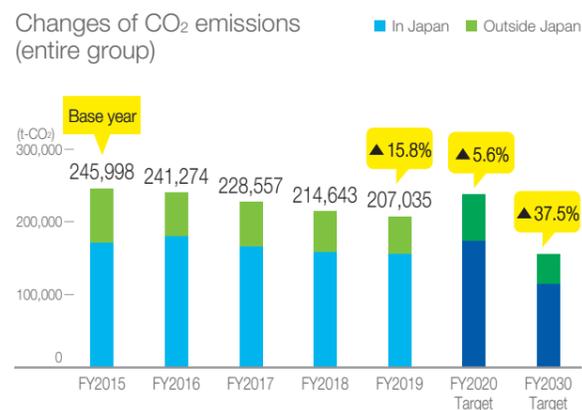
## Setting a Target to Reduce CO<sub>2</sub> with Consideration for Long-Term Goals (Reducing CO<sub>2</sub> by 37.5% by Fiscal 2030 Compared to Fiscal 2015)

As a target to reduce greenhouse gases, the Daiichi Sankyo Group has set a long-term target of reducing CO<sub>2</sub> emissions by 37.5% by fiscal 2030 (Well Below 2°C target). This target has been approved by the Science Based Targets initiative (SBTi),\* which is consistent with the Paris Agreement. Our target to reduce greenhouse gases emitted through business activities at the Group falls in line with the necessary degree of reduction for keeping the average increase in global temperature below 2°C. In fiscal 2019, we achieved a 15.8% reduction of CO<sub>2</sub> emissions from fiscal 2015, meaning that we have gone beyond our target for fiscal 2020 of 5.6% reduction. We will continue to engage in initiatives for CO<sub>2</sub> reduction in consideration of long-term goals in 2030.

\*Science Based Targets initiative (SBTi): An international initiative that encourages companies to set CO<sub>2</sub> reduction targets based on scientific evidence in order to help accomplish the goal of the Paris Agreement of keeping the average increase in global temperature below 2°C.



Changes of CO<sub>2</sub> emissions (entire group)



## Utilization of Renewable Energy

The Daiichi Sankyo Chemical Pharma Onahama Plant has decided to install a self-consumption solar power system, which is to be completed and put into operation by the end of fiscal 2020. This will be one of the largest self-consumption solar power systems in the pharmaceutical industry in Japan. The system is expected to supply 3.3 megawatts of power for use in the Plant (estimated annual energy production of approx. 4,155 MWh). The use of renewable energy from sunlight is expected to reduce CO<sub>2</sub> emissions by approximately 1,800 tons per year, which is equivalent to approximately 20% of the Plant's total annual CO<sub>2</sub> emissions.

Moreover, operating sites in Europe and Brazil have significantly reduced CO<sub>2</sub> emissions by expanding the use of renewable energy. For example, the Daiichi Sankyo Europe Pfaffenhofen Plant will install a 0.65 megawatts solar power system. We are continuously endeavoring to incorporate renewable energy for overseas operating sites.



Daiichi Sankyo Chemical Pharma Onahama Plant: concept drawing of the onsite solar power system following completion

## CDP Supplier Engagement Rating

In recognition of corporate supply chain engagement on climate change issues to reduce greenhouse gas emissions, Daiichi Sankyo has been awarded a position on the Supplier Engagement Leaderboard by CDP,\* an international NGO working in the field of the environment.

In fiscal 2019, more than 4,800 companies were evaluated for their efforts to reduce greenhouse gas emissions and lower risks throughout supply chains, and 159 companies were listed on the Supplier Engagement

Leaderboard. Of the 159 companies, 28 were Japanese companies, which included Daiichi Sankyo. We will continue to deepen our understanding of risks and opportunities related to climate change together with our suppliers as business partners. In addition, we will implement initiatives with environmental and social considerations.



\*CDP is an international nongovernmental organization (NGO) based in the United Kingdom that addresses environmental issues such as climate change. CDP requests major companies and cities around the world to disclose information on how they are tackling climate change, water management, and other issues, and conducts surveys and ratings. CDP conducts surveys with the support of institutional investors. CDP is one of the most trusted assessment agencies.

## ISO14001 Certification

The Group promotes the acquisition of the international standard for the environmental management system (EMS), ISO14001 certification, in particular, at operating sites that use large amount of energy for manufacturing.

We have acquired ISO14001 certification in a multi-site registration that integrates all production sites of Group companies in Japan in one certification scope. Furthermore, of our overseas Group companies, the Beijing and Shanghai Plants in China, the Altkirch Plant in France, and the Alphaville Plant in Brazil have acquired ISO14001 certification. In fiscal 2019, we acquired ISO14001 certification for the Pfaffenhofen Plant in Germany, bringing the acquisition rate of the certification at production sites to 87.0% (on a CO<sub>2</sub> emissions basis). Other plants, which have not yet acquired ISO14001 certification at this moment, are also working hard to get the acquisition.

## VOICE Environmental Protection at Our Pfaffenhofen Plant

Pfaffenhofen Plant is the important production site outside of Japan and significantly contributes to our company's global production capacity.

Managing our environmental impact is a key priority for colleagues in Pfaffenhofen. With their support, we have implemented several measures to transform our vision of sustainability into a reality, such as using hydropower, sourcing heating energy through biomass cogeneration and banning the use of plastic in our canteen.

Additionally, the establishment of a formal environmental management system (EMS) according to DIN EN ISO 14001 was a major sustainability milestone. The project, implemented by a cross-functional core team, led by our EHS Manager Martin Schroeder, enables us to systematically monitor our environmental performance using strategies aimed at reducing our environmental impact. Within a year, we met the requirements defined by DIN EN ISO 14001 and received certification by SGS Group in December 2019.

This achievement would have been impossible without the dedication of our colleagues. We are determined to create a green business, set a positive example for society and to inspire colleagues to adopt sustainable lifestyles themselves.



### ISO14001 Project Core Team

Daiichi Sankyo Europe GmbH  
Pfaffenhofen Plant (Germany)

# Promoting Environmental Management

## Information Disclosure Based on Recommendations of the TCFD

In May 2019, Daiichi Sankyo expressed support for the Recommendations of the TCFD, which are intended to support companies in the assessment, management, and disclosure of climate-related risks and opportunities.

We analyze, address, and disclose climate-related risks and opportunities in accordance with the Recommendations of the TCFD.



### Governance

The Group has established the EHS Management Committee formed of members including group companies in an effort to protect the environment and ensure the health and safety of employees and contribute to the development of a sustainable society while achieving the uniform management and promotion of environment, health, and safety management for which there is a high likelihood of risks occurring. We hold discussions on policies, target setting, and activities related to global EHS management at this committee twice a year.

In fiscal 2019, the committee met in July and February to discuss measures for combating climate change, optimizing the environmental management system, and disclosing information in response to the recommendations of the TCFD, among other agenda items.

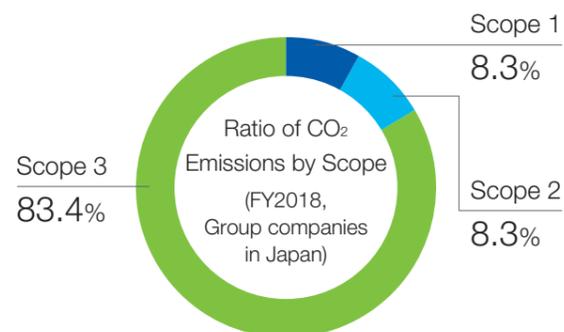
[Read more here](#)

**Corporate Governance**  
[https://www.daiichisankyo.com/about\\_us/governance/](https://www.daiichisankyo.com/about_us/governance/)

**Environmental Management Promotion System**  
[https://www.daiichisankyo.com/sustainability/the\\_environment/policy-system/](https://www.daiichisankyo.com/sustainability/the_environment/policy-system/)

### Strategy

As the impact of various environmental factors increases, we will need to realize a sustainable society if we are to continue our corporate activities. Particularly for



pharmaceuticals, which are life-related products, disruption of the supply chain due to worsening meteorological disasters and a decline in the supply capacity of pharmaceuticals are major risks, both from business and social perspectives. On the other hand, CO<sub>2</sub> emissions are characterized by low direct emissions from business activities (Scope 1 and Scope 2) and high indirect emissions from the supply chain (Scope 3). Thus, we consider transition risks are relatively low. Based on this understanding of the environment, the Daiichi Sankyo Group conducted a scenario analysis and risk assessment in accordance with the Recommendations of the TCFD in order to clarify the resilience of our businesses towards climate change.

### Risk Management

As regards climate change risks, a cross-departmental task team was established in fiscal 2019, and workshops on the outline of scenario analysis and the IEA<sup>\*1</sup>/IPCC<sup>\*2</sup> were held for employees from relevant departments. In this way, we enhanced our understanding of what happens to the world when transition risks increase (1.5°C scenario, 2°C scenario, etc.) or when physical risks increase (4.0°C scenario, etc.). In addition, business risks and opportunities through to fiscal 2030 were examined.

<sup>\*1</sup> International Energy Agency  
<sup>\*2</sup> Intergovernmental Panel on Climate Change

Risk	
2°C Scenario	Introduction of carbon taxes, increased costs for introducing renewable energy facilities, and reputational risk attributable to insufficient disclosure
4°C Scenario	Supply chain disruption, temporary suspension of operations at company sites, increased air conditioning costs due to rising temperatures, and difficulty in operation due to water withdrawal risk, and reduced productivity of products derived from natural compounds
Opportunity	
2°C Scenario	Measures to achieve Science Based Targets (SBTs)
4°C Scenario	Contribution to diseases that will increase with climate change

Source: 2°C Scenario, IEA WEO 2018 SDS; 4°C Scenario, IPCC RCP8.5

## Results of scenario analysis

For each business, the potential impact and resilience (toughness) were clarified, and a comprehensive evaluation was performed, taking into account financial impacts as well as investor perspectives.

Scenario	Key Risk	Event	Potential Impact on Daiichi Sankyo	Degree of Impact	Daiichi Sankyo's Resilience	Business Risk
2°C Scenario (world with advanced transition)	Strengthening policies and regulations related to decarbonization	Introduction of carbon taxes	<ul style="list-style-type: none"> <li>A carbon tax 100 \$/ t-CO<sub>2</sub> in 2030 will result in approx. 2.0 billion yen</li> <li>Increased costs associated with supplier transition risk responses</li> </ul>	Minor	<ul style="list-style-type: none"> <li>Adapt to a decarbonized society and turn the risk into an opportunity by continuing to take a range of measures to achieve SBTs, although the financial impact is not significant in terms of amount</li> </ul>	Minor/ Opportunity
		Increased costs for introducing renewable energy facilities	<ul style="list-style-type: none"> <li>Energy sources are mainly electricity and gas. Renewable electricity is already being purchased in some areas</li> <li>Replacing all electricity used within the Group with renewable energy will cost 0.3 to 0.6 billion yen, but the impact will be minor</li> </ul>	Minor	<ul style="list-style-type: none"> <li>Consider all options for de-fossilization (for all fossil fuels, including gas)</li> </ul>	Minor/ Opportunity
4°C Scenario (world with increasing physical impacts)	Increased frequency and scale of meteorological disasters (such as heavy rains, floods, and typhoons)	Supply chain disruption	<ul style="list-style-type: none"> <li>Increased concerns over the stable supply</li> </ul>	Major	<ul style="list-style-type: none"> <li>Strengthen inventory control to ensure the stable supply in the event of a disaster</li> <li>Purchase from multiple suppliers. Raw materials that cannot be purchased from multiple suppliers are to be examined</li> </ul>	Minor
		Temporary suspension of operations at company sites	<ul style="list-style-type: none"> <li>Key research centers may be flooded</li> <li>Manufacturing bases are unlikely to be flooded even if located close to a river. However, traffic disruption may lead to temporary suspension of operations</li> </ul>	Major	<ul style="list-style-type: none"> <li>Continue to examine ways to strengthen our operating bases and optimize our global bases in light of our business continuity plan</li> <li>Include more training for flood responses/ countermeasures in our emergency drills to enhance resilience</li> </ul>	Minor
	Temperature rise	Increased prevalence of diseases associated with climate change	<ul style="list-style-type: none"> <li>Increased demand for products for malignant melanoma, cardiovascular, respiratory, and tropical diseases</li> </ul>	Major	<ul style="list-style-type: none"> <li>Expand research and development of pharmaceuticals for the diseases</li> <li>Ensure production lines and strengthen inventory control</li> </ul>	Opportunity
		Increased air conditioning costs	<ul style="list-style-type: none"> <li>At our head office, research and development bases, and manufacturing bases, most operations are performed basically indoors, and air conditioning costs increase as the temperature rises</li> </ul>	Minor	<ul style="list-style-type: none"> <li>Continue to improve energy efficiency, although the costs are within an absorbable range and their impact is small</li> </ul>	Minor
	Water shortages	Risk of operations being infeasible	<ul style="list-style-type: none"> <li>Plants in China and Brazil are at greatest water withdrawal risk and are likely to be shut down because of flooding</li> </ul>	Major	<ul style="list-style-type: none"> <li>In the event of plants in China being shut down for a long period of time, consider emergency supply measures, such as using other manufacturing sites and outsourcing manufacturing, in line with trends in pharmaceutical regulations</li> </ul>	Minor
	Biodiversity loss	Reduced productivity of products derived from natural compounds	<ul style="list-style-type: none"> <li>No product has been subject to major impacts to date</li> </ul>	Minor	<ul style="list-style-type: none"> <li>Continue to monitor risks and opportunities for products derived from natural compounds</li> </ul>	Minor

### Indicators and Targets

As indicators and targets for assessing and managing climate-related risks and opportunities, the numerical targets specified in the Medium-Term Environmental Management Policy are used. Progress has been made as

planned. Based on the results of this scenario analysis, we will include more aggressive indicators and targets in the next Medium-Term Environmental Management Policy.

### Fourth Medium-Term Environmental Management Policy (FY2016–FY2020)

Fourth Medium-Term Environmental Management Policy
Lower the environmental impact of all operations by conserving energy and resources, or reducing greenhouse gas emissions and waste.
Lower environmental risks by continuously improving our environmental management systems in such areas as environmental compliance, pollution prevention, and chemical substances management.
Manage the external risks that have the potential to generate a change in business operations, such as climate change and water risks.
Ensure that operations reflect the need to preserve biodiversity and use ecosystem services sustainably.
Enhance environmental disclosure, improve the reliability of information, and engage in environmental communications with stakeholders.

[Read more here](#)

**Promoting Environmental Management**  
[https://www.daiichisankyo.com/sustainability/the\\_environment/policy-system/](https://www.daiichisankyo.com/sustainability/the_environment/policy-system/)

# Mutual Growth of Employees and the Company

The Daiichi Sankyo Group positions its people as the most important asset. We respect diversity and work to realize the mutual long-term growth of the company and the employees who act based on our Core Values of Innovation, Integrity and Accountability. We realize this by encouraging them to have a high level of engagement and contribution.

## Cultivate Employees with Highly Competitive Skills

We define our human resource management under the Daiichi Sankyo Group HR Management Philosophy, fairly treating employees who share our Core Values wherever they may be in the world, developing their talent and helping them make maximum use of it. Furthermore, by providing rotational opportunities for our employees among our locations in different countries and regions to experience different cultures and ways of thinking and creating an environment in which diversity is respected, we generate a competitive advantage that benefits our global business activities.

## Proactive Employment of Talents from Around the World

In the belief that diversity is the source of organizational learning and competitive advantage, we actively welcome talented person out from around the world for all positions and business fields. When making recruitment decisions, in addition to each individual's career experience, we also evaluate individuals based on the elements required to drive our global organization forward, namely "Intercultural Competency, Respecting People and Values, and Embrace Change." Decisions are made following a review by a team of related parties made up of individuals from different regions and cultures.

## Promoting Group Talent Management

In order to continually produce quality leaders responsible for the Group's future, we are promoting Group talent management that focuses principally on the development of next-generation leaders. We identify the key positions required for the realization of management vision/mid-term business plan (a total of 22 positions as of April 2020) at

the global level, ensuring the visibility of successor candidates and challenges surrounding the successor development. In addition, we are also working to promote leadership development measures tailored to employees' individual challenges, such as the provision of opportunities and positions that facilitate further growth, and the provision of training programs, allowing us to secure and retain optimal talents. We have also been actively providing international assignment and overseas study programs to allow future leaders to comprehend global business and expand their knowledge. As of April 2020, 105 individuals are engaged in work outside of Japan.

## Promoting Active Participation of Internal Human Resources to Realize Our 2025 Vision: the COF Project

To achieve our 2025 vision of becoming a Global Pharma Innovator with competitive advantage in oncology, and the transformation of Daiichi Sankyo from a company with a business focused principally on the area of cardiovascular to a global company offering innovative pharmaceuticals in

specialty area centered on oncology, we need to continue further allocating our business resources to the areas where we are building our capacity.

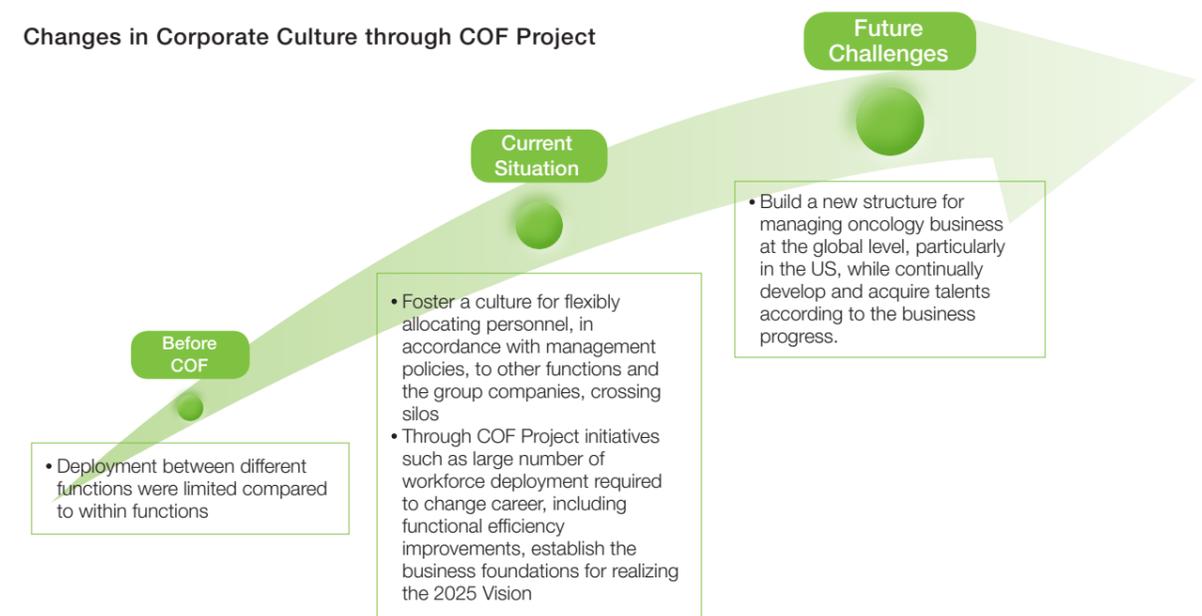
In accordance with the principle of "proactively invest in internal talents," we started in 2017 the Create Our Future (COF) project in Japan, under which we deploy, in a timely fashion, adequate workforce as required, particularly in the areas of oncology and bio-pharmaceuticals, which we are positioning at the core of our future business. We aim through this project to achieve the group's sustainable growth.

Through this project, in order to support employees who will be taking on challenges in new areas, we launched the Career Development Program (CDP) in Japan which, specifically, included support for diverse career development such as dialogue between supervisors and their subordinates to confirm future career over the

medium-to long-term through "Individual Development Plan". CDP also provides information about job description as well as expected work experience, knowledge and skills at each organization, and future career path model via the company's intranet site. In addition, we provide training on the special skills required to demonstrate a performance after moving to a new post as well as comprehensive education systems.

Through the COF project, 803 employees in Japan were allocated to new areas in which the Company is strengthening its capacity over the three years up until and including April 2020. These efforts not only allow us to flexibly deploy workforce in accordance with our management policies, going beyond the silos between functional organizations/group companies, but they also help foster a corporate culture in which employees positively take on new career challenges.

## Changes in Corporate Culture through COF Project



## COF Project Overview

	FY2017	FY2018	FY2019
<b>Overview</b>	Identify focus areas, formulate workforce plan, and develop deployment policy		Promote actual deployment and develop the CDP*
<b>Project activities</b>	<p><b>Project launch</b></p> <ul style="list-style-type: none"> <li>• Share management policies</li> <li>• Top-down deployment of workforce</li> <li>• Middle-up functional efficiency improvements</li> </ul>	<p><b>Identify focus areas and set numerical deployment targets for each area</b></p> <ul style="list-style-type: none"> <li>• Formulate detailed three-year workforce expense plans</li> </ul>	<p><b>Set deployment / education policy</b></p> <ul style="list-style-type: none"> <li>• Develop deployment policy</li> <li>• Develop education policy</li> </ul>
<b>Principal timeline for oncology business</b>	<p>August: Received Breakthrough Therapy Designation from FDA for breast cancer treatment using DS-8201</p> <p>August: Started Phase 2 clinical trials of DS-8201 for treatment of breast cancer</p> <p>March: Received SAKIGAKE Designation from Japanese Ministry of Health, Labour and Welfare for stomach cancer treatment using DS-8201</p>	<p>May: Started Phase 2 clinical trials of DS-8201 for treatment of non-small cell lung cancer</p> <p>September: Started Phase 3 clinical trials of DS-8201 for treatment of breast cancer</p> <p>March: Started global partnership with AstraZeneca for pharmaceutical development and commercialization</p>	<p>September: Application for approval of manufacturing and commercialization of DS-8201 in Japan</p> <p>December: DS-8201 approved for sales in the US</p> <p>January: Launch of ENHERTU in the US</p>

\* Career Development Program

## VOICE Taking a step forward allowed me to find a new version of myself



Clinical Safety & Pharmacovigilance Division  
Pharmacovigilance Department  
Safety Planning Group III  
**Kengo Noguchi**

As someone who worked as a researcher for more than 18 years after joining this company, I was not at all expecting to start working in a division for safety management. At first, I was confused and thought "why me?" but I soon started taking it positively, realizing it could be an opportunity for a new career development. In my new position, I am responsible for the safety measures required for post-launch pharmaceuticals in fields such as oncology and infectious diseases. Even in my new role, there are many situations that allow me to leverage the knowledge and experience I built up as a researcher, and this has allowed me to feel how all of our jobs are tied together through science, even across different divisions.

As I was unaware of any work outside my previous department, I first felt a strong resistance to suddenly taking up something new, but after the transfer I realize that, although the approach is different, all of the different divisions are working towards the same objectives and the same goals. In future, I hope that I make use of my knowledge and experience that I have fostered so far, so that I can improve my strengths.

# Mutual Growth of Employees and the Company

## Promoting Diversity and Inclusion (D&I)

The Daiichi Sankyo Group takes a broad definition of diversity which includes not only nationality, gender, age and other personal attributes, but also the different specialties and approaches required for each job as well as differences in values and lifestyle. We understand that crucial aspect for developing global businesses and creating innovation is that all employees actively accept each other's diversity and exhibit their abilities to the greatest extent possible. As such, we engage in initiatives to foster a culture of mutual respect among employees.

### Initiatives to Promote the Active Role of Women

In accordance with the "Action Plan for Empowering Women" produced by Japan Daiichi Sankyo in 2016, we seek to address following objectives; (1) encouraging the professional development of female employees, (2) supporting work-life balance, and (3) fostering a positive workplace culture. We are implementing a wide range of initiatives to address these objectives including providing various types of training and comprehensive systems for supporting work-life balance.

In FY2019, we held a career design seminar in Japan for female employees, whose careers may be easily impacted by life events. More than 200 employees across Japan were provided with an opportunity to discuss their career and life plan, with a view to continuing to make a vibrant contribution in the workplace, as well as in their own goals. We also held discussion meetings in Japan for employees who are working while raising children. In this forum, employees discussed concerns and worries on balancing career and family, and shared ideas for how to overcome these issues. This initiative created a network for easily accessible consultations among the employees.

From the perspective of fostering a positive workplace culture, we have striven to promote understanding in the management of the organization among newly appointed managerial employees so as to appreciate the variety in team members, and to view these differences as strengths, thus improving the capability of the organization.

Going forward, in Japan, we will continue to take initiatives based on our action plan to create a workplace environment in which female employees can develop their career over the long term and contribute in managerial positions or in roles as line managers.

### Creating a Workplace Environment that Empowers People with Disabilities

We set a medium-term policy for the employment of people with disabilities in Japan, and promote such employment at Group companies such as Daiichi Sankyo Happiness (a special subsidiary company that meets the terms of the Act on the Promotion of the Employment of Disabled Persons). We subdivide and simplify workplace tasks to enable people with disabilities to make active participant, taking on work from various other Group companies. In FY2019, the Daiichi Sankyo Group companies in Japan employed individuals with disabilities at a ratio of 2.3% (the legally required employment ratio is 2.2%).

### Preparing LGBT-Friendly Environment

We are proactively improving our workplace to become more LGBT-friendly in two ways, firstly through the education required to create an accepting corporate culture and secondly through the provision of appropriate employment conditions. In FY2019, we invited experts from outside company to speak at a seminar for our human resources personnel and provided a poster session on LGBT issues in RD Forum in Japan. In FY2020, we implemented e-learning programs for all of our employees. In addition, for same-sex partners who meet the designated conditions, we plan to apply the same employment conditions, including welfare benefits and various allowances, as those granted to legally married couples.

## Employee Health and Work Style Reforms

In order to create a company in which each individual employee can work energetically in the best of physical and mental health, and make maximum use of their capabilities, we are implementing various measures relating to employee health management and working environment.

### Enhancing Health and Productivity Management

In order to further strengthen our initiatives for the maintenance and improvement of employee health, the Daiichi Sankyo Group is working to enhance health and productivity management under our internal system led by the chief executive officer of EHS management. In order to

provide an environment that allows employees to accurately understand their personal health status and take action to maintain and improve their own health, we are also strengthening initiatives including setting evaluation indices and goals, based on the health guidance and education which help them achieve the goals.

### Evaluation Indices and Goals for Health Maintenance and Improvement in Japan

Evaluation Index	FY2018 Results	FY2019 Results	FY 2020 Target
Smoking rate	17.9%	16.9%	15%
Ratio of implementing health-related events at each workplace	74.3%	79.4%	100%
Self-care initiative rate <sup>*1</sup>	73.7%	79.5%	80%
Ratio of medical examination	62.4%	63.1%	80%
Ratio of conducting specific health guidance	39.6%	—	50%
Ratio of individuals with abnormal findings receiving checkups at a medical institution <sup>*2</sup>	89.0%	85.2%	100%

\*1 The rate of self-care initiatives taken by people designated as having high levels of stress as a result of stress checks

\*2 The ratio of employees that have received checkups at a medical institution after being instructed to do so in regular checkups

### Support for Diverse Work Styles and Work Hour Management in Japan

Through initiatives such as appropriate work hour management and the introduction of flexible working arrangements, and also through events such as seminars and discussion meetings on balancing a career with child rearing/caregiving, the Group is continually working to create an environment which is comfortable for a diverse range of employees to work. From FY2019, we have provided even more flexible working arrangements by abolishing core time in our flex time system. Through innovating new ways of working, we seek to create more time, aiming to enable employees to have more time away from work, whereby achieving "productivity improvement"

and "promotion of the work-life cycle."

To prevent employees from working excessive hours, in FY 2019 we introduced a working hours interval system, which requires employees to take at least an 11-hour break between finishing work and starting their next shift. In addition, the Company has set a standard limit on the number of work hours since FY2018. This limit applies to all employees, including those under the discretionary work system. Labor and management collaborate together for other initiatives such as providing guidance and implementing work improvements for health management. In FY 2019, the total annual working hours in the Daiichi Sankyo Group (in Japan) were 1,729 hours, 245 hours shorter than those in the general industry.

## COLUMN

### Aiming to create a workplace where every individual employee can play an active role

#### Thinking about female empowerment in the workplace: Current situation and perspectives for the future

We brought together employees from various different organizations and divisions in Japan to discuss and exchange opinions on empowerment of women in the workplace. We heard views on various topics including each attendee's past personal experience, the changing workplace environment for women, and the workplace environment that the Daiichi Sankyo Group aims to achieve for the future.

- Below are some of the attendees' comments:
- It's important to focus on respecting the individuality, not just on visible elements such as gender.
  - Rather than insist on adhering to previous ways of working, I want to create an environment in which each individual can play an active role.
  - We should get beyond the phrase "female empowerment," to create a society in which all employees can work with energy and passion.
  - We should strive to build systems which enhance mutual support available at any time.

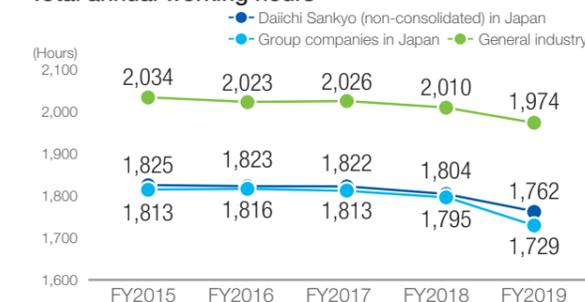


Participants in the meeting to exchange views

### A diverse range of work hour adjustment systems in Japan

Work hour adjustment system	Principal application	
① Fixed Time System	Production division	
② Flex time system	Corporate staff division	
③ Discretionary work system	For planning work	Corporate staff division
	For specialized work	R&D division
④ System for working hours treated as off-site	Sales division	
⑤ Not subject to work hour management	Those in managerial positions	

### Total annual working hours



### Evaluation for personnel-related corporate activities

- 2020 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category)—White 500
- Kurumin / Platinum Kurumin certification
- Eruboshi Certification
- Award for Outstanding Offices for the Employment of Persons with Disabilities (Minister of Health, Labour and Welfare Award, JEED president's Award)
- 20th Telework Promotion Awards, honorable mention (Implementing Telework category)



# Respect for Human Rights

The Daiichi Sankyo Group established the Daiichi Sankyo Group HR Management Philosophy in 2012. Since then, we have worked to improve our workplace environment, in which we respect employees' diversity and takes their health and safety into consideration. In 2019, we revised Daiichi Sankyo Group Corporate Conduct Charter and declared "Respect for Human Rights" in Article 4, clarifying our Group's position. We have also included "respect for the rights of all people and compliance with labor standards" in the Daiichi Sankyo Group Employee Code of Conduct.

Under the belief that respect for human rights is at the foundation of the corporate activities we engage in line with our mission, the Daiichi Sankyo Group is strengthening various human rights initiatives.

## Establishment of Human Rights Policy

The Daiichi Sankyo Group Human Rights Policy was established in June, 2020 following the approval of the Company's Board of Directors.

As we engage in our corporate activities, we comply with all human rights related laws and regulations, respecting international codes of conduct and fundamental regulations on human rights, including the Universal Declaration of Human Rights. At the same time, we also identify human rights related issues in connection with our business activities from perspectives such as "Responsibilities as a global pharmaceutical company," "Human rights in our supply chain," and "Responsibilities in the workplace."

Going forward, we will continue to build a system for human rights due diligence\* based on this policy, keeping up-to-date with human rights issues globally, and will strive to avoid a negative impact on human rights which may occur through our business activities.

\*A framework to understand, evaluate, prevent and reduce existent and potential human rights risks in corporate activities

## Respect for Human Rights in Procurement

The Daiichi Sankyo Group requests its major business partners to conduct a CSR Self-Assessment Survey every

	Number of companies receiving the questionnaire	Number of respondents (Response rate)	Number of companies we communicated with
<b>Total</b>	<b>381</b>	<b>355 (93%)</b>	<b>20</b>
Sub-total of (1) to (3)	248	230 (93%)	17
(1) Raw Materials* <sup>1</sup>	119	113 (95%)	11
(2) Licensed Products and Consigned Manufacturing Products* <sup>2</sup>	99	92 (93%)	2
(3) Manufacturer/ Non-tier 1 Supplier* <sup>3</sup>	30	25 (83%)	4
Indirect materials* <sup>4</sup>	133	125 (94%)	3

\*1 Raw materials for the pharmaceutical products manufactured by the Daiichi Sankyo Group

\*2 Outsourcing to contract manufacturing organization

\*3 Manufacturers of raw materials for our products that have no direct contract with the Daiichi Sankyo Group

\*4 Purchased goods (facilities, equipment, services) other than those described in (1) to (3)

three years based on the Business Partner Code of Conduct, in order to deepen their understanding of our Group's view and strengthen communication with them. Approximately 350 major domestic and global business partners responded to the first survey. We confirm the initiatives business partners are implementing to protect human rights through this survey, which includes questions related to "labor and respect for human rights."

We also conducted a follow-up survey. In fiscal 2019, we had face-to-face communication with 20 partners to help them gain an in-depth understanding of our Group's sustainable procurement policy and to exchange views for generating ideas and sharing issues. These efforts aimed to promote sustainable procurement based on mutual cooperation.

## Respect for the Human Rights of Participants in Clinical Trials

Daiichi Sankyo conducts clinical trials in accordance with the Declaration of Helsinki that defines the standards for ethical medical research involving human subjects, while also adhering to ICH\*<sup>1</sup>-GCP\*<sup>2</sup> and complying with the applicable regulations of relevant countries. This means that clinical trials are only conducted after obtaining voluntary informed consent from participants. All clinical trials sponsored by Daiichi Sankyo are evaluated in terms of ethical standards and scientific validity based on internal review processes. In particular, we ensure that our first in human study is an appropriate through clinical trial review meetings that include employees who are qualified physicians as review members. Furthermore, clinical trials are conducted after an external independent committee (Institutional Review Board / Independent Ethics Committee) also reviews the same content (human rights of trial subjects, etc.) and approves the conduct of clinical trials. Daiichi Sankyo provides training programs on GCP and Ethics related to clinical trials to people who are engaged in clinical trials. R&D & PV Quality Assurance Department conducts audits of the Company's clinical trial activities to promote appropriate correction and preventive measures.

\*1 Abbreviation of "International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use."

\*2 Abbreviation of "Good Clinical Practice," implementation standard of clinical trials of pharmaceuticals.