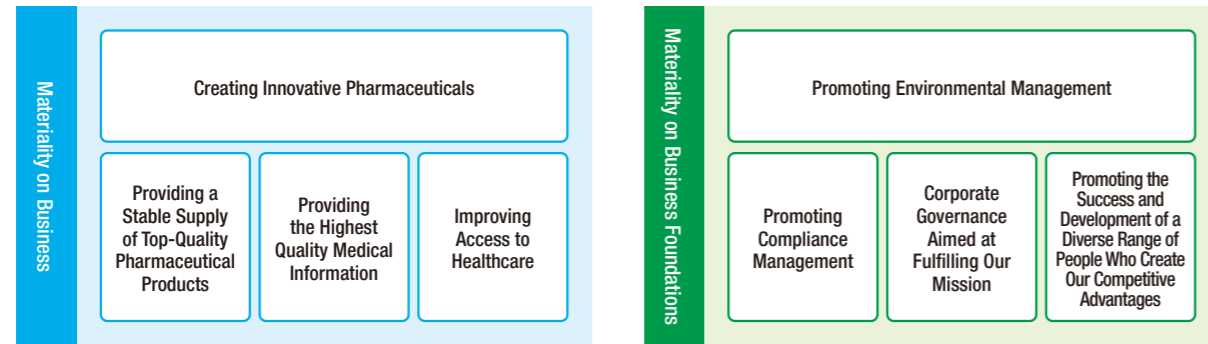


Materiality

We identified eight material issues to be addressed to sustain growth, based on the impact on the Group's mid-to-long-term corporate value enhancement and expectations from society. We set Materiality key performance indicators (KPIs) based on the material issues sorted into two groups: materiality on business and materiality on business foundations.

Eight Materiality Identified



Reasons for Selecting Materiality

Creating Innovative Pharmaceuticals	Continuously creating innovative pharmaceutical products by leveraging our strengths (Science & Technology) to contribute to the enrichment of quality of life around the world is the foundation of our value creation. We will reinvest profits earned through our business into R&D to continuously create new pharmaceutical products that meet medical needs and deliver them to the medical community. In the mid-term, we will enhance our advanced products and pipeline to transform the SOC* with the goal of becoming an advanced global pharma innovator with strength in oncology in FY2025.
Providing a Stable Supply of Top-Quality Pharmaceutical Products	As the impact of natural disasters and political risks on supply chains is expanding globally, procurement risks at our business partners need to be considered. Establishing a robust supply chain structure and providing a stable supply of top-quality pharmaceutical products is one of the most important challenges for us. In the mid-term, in order to respond to the increase of new modality products, particularly ADCs, we will establish a global production and supply system by implementing appropriate capital investments.
Providing the Highest Quality Medical Information	Healthcare professionals can use pharmaceuticals with confidence in treating patients and solving medical issues (and through this, social issues) only when there is highly reliable information on the safety and efficacy of the pharmaceutical products. As we deliver products in multiple fields, we will strive to provide safety and efficacy information. In the mid-term, we will generate new drug information in the oncology area, where information provision tailored to each patient's condition is required, and provide it to healthcare professionals globally.
Improving Access to Healthcare	We will strive to expand access to healthcare by promoting the Daiichi Sankyo Group Policy on Access to Healthcare among our employees and by collaborating with stakeholders, including governments, payers, and alliance partners. In the mid-term, we will expand our oncology products globally by leveraging our collaboration with AstraZeneca. We will also contribute to solving social issues, such as COVID-19, by utilizing our business foundation and cooperating with external organizations.
Promoting Environmental Management	The impact of climate change and marine plastics pollution on sustainability is becoming increasingly apparent, and environmental issues are becoming a challenge that the world, including businesses, must work together to address. In the mid-term, we will implement environmental measures throughout the value chain to reduce the environmental impact of our business activities and to achieve a sustainable society, in light of concerns about the stable supply of pharmaceutical products due to climate-related disasters.
Promoting Compliance Management	Since pharmaceutical companies handle products that affect human lives, we are required to meet a strict sense of legal compliance and high ethical standards. To be trusted by society and to realize our Purpose, we promote compliance management across the entire Group so that each and every employee can work with integrity in their daily activities. In the mid-term, we will further strengthen the foundation of our global governance structure and compliance promotion activities to reduce compliance risks.
Corporate Governance Aimed at Fulfilling Our Mission	In an ever-changing external environment, a highly transparent and effective corporate governance system is essential to achieve the sustainable growth of a company and to enhance mid-to-long-term corporate value. We will strive to continuously enhance our corporate value by establishing and operating a corporate governance system embedded with both management structure that can speedily and flexibly respond to changes in the business environment and make decisive decisions swiftly, and a supervisory function for management and execution.
Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages	We believe that our "people" are the most important "asset," and we will promote the acquisition of a diverse range of talents and effective human resource management as a source of competitiveness as we develop our business globally. In the mid-term, we will respect the diversity of each and every employee based on our HR Management Philosophy, and aim for mutual sustainable growth of our employees and the company by advancing and training human resources in each area of the value chain.

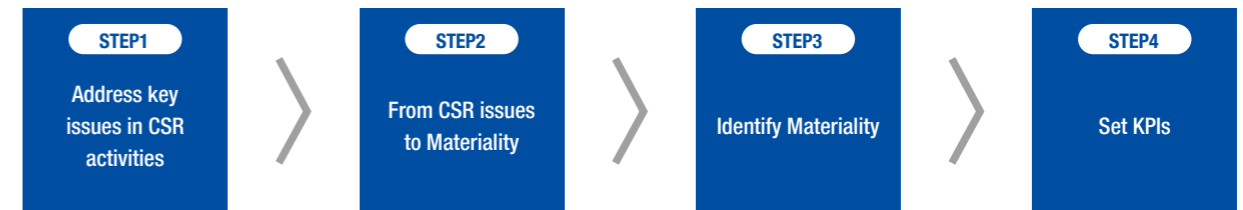
* Standard of Care. Universally applied best treatment practice in today's medical science

Materiality Identification Process and KPIs Setting Process

In identifying and sorting material issues, 36 issues were selected from the corporate social responsibility (CSR) perspective in FY2015. In March 2020, we identified eight material issues as mid-to-long-term initiatives and challenges based on their impact on the Group's mid-to-long-term corporate value and expectations from society and our various stakeholders. After several discussions at the Executive Management

Committee and Board of Directors, the establishment of KPIs, indicators of initiatives for each Materiality linked to the current 5-year business plan (FY2021–FY2025), was approved by the Board of Directors in March 2021 and announced in April 2021.

Steps for Identifying Materiality and Setting Materiality KPIs



- Extract 36 CSR issues (FY2015)
- Narrow down issues to 21 (FY2018)

- Extract mid-to-long-term initiatives and challenges (FY2019)
- Materiality proposal with consideration of ESG factors (from the viewpoint of corporate value enhancement)

- Identify eight material issues after meetings of the Board of Directors (March 2020)

- Following the consideration by relevant organizations and multiple discussions with the members of Board of Directors, deliberate and approve the KPIs and targets at the Board of Directors and Executive Management Committee (March 2021)

Materiality Management

Materiality management is promoted under a materiality management system in which Corporate Planning Department and Sustainability Promotion Department serve as the administrative office. In response to changes in the social environment applicable to setting KPIs, the necessity of adding new material issues or making a change to existing material issues was also discussed among the members of the Board of Directors in light of factors including the impact of COVID-19 on society. During the annual management cycle, we regularly check the progress of KPI targets and discuss improvement of Materiality.

In FY2021, the EMC and the Board of Directors discussed the addition of KPIs and the setting/review of KPI targets, incorporating insights gained through constructive dialogue with internal and external stakeholders, based on an understanding of changes in the internal and external environment and the demands of society, in order to achieve the long-term targets for each material issue. In FY2022, through discussions in June 2022, revisions were made to the KPI target values for CO₂ emissions and renewable electricity utilization rate in "Promoting Environmental Management." Also, KPIs and targets were added for human rights issues in "Promoting Compliance Management." We are currently addressing with the aim of setting KPIs and targets for FY2023 in line with the opinions that we received from investors, "indicators for contribution to patients."

Materiality Management Cycle

