









# List of Materiality

	Long-term target	Challenges for realizing materiality	KPIs		FY2025 targets	FY2021 results	(1) Economic value creation (2) Social value creation	
Materiality on Business	<b>Creating Innovative Pharmaceuticals</b> 	Create innovative pharmaceuticals continuously, utilizing our strength (science & technology)	<ul style="list-style-type: none"> <li>Creating the advanced products and pipeline to transform the SOC in the oncology field</li> <li>Development of innovative medicines and preventive medicines with new modalities</li> </ul>	<ol style="list-style-type: none"> <li>The number of new launches and new indication approvals for 3ADCs</li> <li>Progress in ADCs which is in early development stage/ other Alpha projects</li> <li>Progress in development of post DXd-ADC projects</li> </ol>		<ol style="list-style-type: none"> <li>3ADCs: 8 additional indications</li> <li>Multiple products to become the new growth driver after 3ADCs are in late development stage or more advanced stage</li> <li>Post DXd-ADC modality is in development stage</li> </ol>	<ul style="list-style-type: none"> <li><i>Enhertu</i> Submission of sBLA for HER2 mutant Breast Cancer NSCLC 2L+ approved (U.S., Jan 2022)</li> <li>No project progressed late stage trials of Alpha assets</li> <li>DS-5670 (LNP-mRNA) Ph1/2 TLRs acquired in Oct 2021 for unvaccinated healthy adults, Started Ph2 trial in Nov 2021, Booster vaccination trials started in Jan 2022</li> </ul>	<ol style="list-style-type: none"> <li>Expand R&amp;D pipeline and acquire intellectual property contributing to future revenue and profit</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>
	<b>Providing a Stable Supply of Top-Quality Pharmaceutical Products</b> 	Establish a robust global supply chain system to provide a stable supply of top-quality pharmaceuticals	<ul style="list-style-type: none"> <li>Establishment of a global production and supply system through appropriate capital investment corresponding to the increase of new modality products including ADCs</li> </ul>	Construction of ADC production system and stable supply of top-quality pharmaceuticals to patients (including capital expenditure)		In-house capital investment and CMO investment: Maximum 300 billion yen (Total capital investment from FY2021 to FY2025: Approximately 500 billion yen)	<ul style="list-style-type: none"> <li>Expansion of supply capacity in response to demand forecast (approx. 80 billion yen has been decided)</li> <li>Stable inventory secured for current commitments</li> </ul>	<ol style="list-style-type: none"> <li>Increase revenue and profit, reduce/prevent the risk of declining corporate value</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>
	<b>Providing the Highest Quality Medical Information</b> 	Provide safety and efficacy information so that healthcare professionals can always use our products for the treatment of patients with confidence	<ul style="list-style-type: none"> <li>Provision of highly useful pharmaceutical information in areas with high expertise/ individuality</li> </ul>	Evaluation of our approach to information provision from stakeholders including healthcare professionals		Improvement of evaluation scores	<ul style="list-style-type: none"> <li>Japan Business Unit: MR: 1st in all markets, MA: 1st in cardiovascular field, Product Information Center: 1st both in health insurance pharmacy pharmacists and hospital pharmacists<sup>*1</sup></li> <li>EU Specialty Business Unit: Improvement of evaluation in cardiovascular fields</li> </ul>	<ol style="list-style-type: none"> <li>Increase revenue and profit, reduce/prevent the risk of declining corporate value</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>
	<b>Improving Access to Healthcare</b> 	Contribute to improving access to healthcare, working with stakeholders such as the government, payers and alliance partners	<ul style="list-style-type: none"> <li>Global expansion of oncology products by utilizing collaboration with AstraZeneca, etc.</li> <li>Response to new risks such as COVID-19 through collaboration with external institutions by utilizing our strengths and assets</li> </ul>	<ol style="list-style-type: none"> <li>The number of countries where oncology products are sold and the number of patients to which oncology products are provided through collaboration with partners, etc.</li> <li>Status of contribution to mitigating new risks through collaboration with the regulatory authorities and other companies, etc.</li> </ol>		<ol style="list-style-type: none"> <li>Increase in the number of launched countries and regions</li> <li>Achievement of supply of COVID-19 vaccine (AZD-1222) of AstraZeneca as planned (FY2021) and progress in development of DS-5670 as planned</li> </ol>	<ol style="list-style-type: none"> <li>Countries where <i>Enhertu</i> has been launched: 25/40 countries, Expansion into new countries in FY2021: 20 countries, Number of patients treated: Appx. 8,000 patients</li> <li>(2)-1: Contract manufacturing responsibility had completed at the end of December</li> <li>(2)-2: Ph1/2 TLR obtained in Oct 2021 for unvaccinated healthy adults, Started Ph2 trial in Nov, Booster vaccination trials started in Jan 2022</li> </ol>	<ol style="list-style-type: none"> <li>Increase revenue and profit, reduce/prevent the risk of declining corporate value</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>
Materiality on Business Foundations	<b>Promoting Environmental Management</b> 	As a healthcare company, we will proactively reduce the environmental impacts of our business operations and seek to implement advanced climate change countermeasures	<ul style="list-style-type: none"> <li>Reduction of the environmental impact of the entire supply chain</li> <li>Proactive introduction and use of renewable energy</li> <li>Use and implementation of decarbonization technologies, such as hydrogen application</li> <li>Expansion of the scope of use for plastics removal, and technological development</li> <li>Minimization of environmental risks such as pollution risks</li> </ul>	<ol style="list-style-type: none"> <li>CO<sub>2</sub> emissions (Scope1 + Scope2)<sup>*2</sup></li> <li>CO<sub>2</sub> emissions intensity based on sales (Scope3, Cat1)<sup>*2</sup></li> <li>Renewable electricity utilization rate</li> <li>Waste plastic recycling rate</li> <li>Disposal of hazardous waste</li> </ol>		<ol style="list-style-type: none"> <li>42% reduction from FY2015<sup>*3</sup></li> <li>15% reduction from FY2020</li> <li>More than 60% utilization rate<sup>*3</sup></li> <li>Over 70% maintained</li> <li>10% reduction from FY2020</li> </ol>	<ol style="list-style-type: none"> <li>15.7% reduction from FY2015 (191,399t-CO<sub>2</sub>*)</li> <li>16.8% reduction from FY2020 (513,874t-CO<sub>2</sub>*)</li> <li>9.4%<sup>*4</sup></li> <li>59.3%<sup>*4</sup></li> <li>22.4% reduction from FY2020 (4,350t*)</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value by improving evaluation of environmental management initiatives (reduction/avoidance of the damage risk to corporate value)</li> <li>Contribute to the development of sustainable living infrastructure through the early realization of a decarbonized society, solving of the marine plastic problem, and prevention of environmental pollution</li> </ol>
	<b>Promoting Compliance Management</b> 	An organization in which every employee behaves with high ethical standards as well as in compliance with applicable laws and regulations	<ul style="list-style-type: none"> <li>To raise awareness for compliance among all executives and employees</li> <li>To prevent non-compliant behavior of employees</li> <li>To promote business partners' understanding of sustainable procurement and to minimize compliance risks</li> <li>To improve human rights efforts through the human rights due diligence<sup>*5</sup></li> </ul>	<ol style="list-style-type: none"> <li>Number of significant compliance violations</li> <li>Number of significant code violations</li> <li>Periodic employee survey on ethical culture</li> <li>Compliance monitoring, Monitoring of Promotional Activities</li> <li>Sustainable procurement survey coverage rate (based on total procurement amount)</li> <li>Strengthening internal education and disseminating our thoughts with business partners</li> <li>Case of violation with ILO Core Labour Standards<sup>*6</sup> according to human rights risk assessment through DS Group<sup>*5</sup></li> <li>Reduce business partners risks related to ILO Core Labour Standards<sup>*5, *6</sup></li> </ol>		<ol style="list-style-type: none"> <li>0</li> <li>0</li> <li>Improvement of scores following baseline</li> <li>Conducting continuous monitoring at each company</li> <li>75%</li> <li>Disclose of the result of education and training</li> <li>No case of violation with ILO Core Labour Standards<sup>*6</sup> as a result of human rights risk assessment through DS Group<sup>*5</sup></li> <li>Disclose any results of business partners risk reduction initiatives related to ILO Core Labour Standards<sup>*5, *6</sup></li> </ol>	<ol style="list-style-type: none"> <li>0</li> <li>2</li> <li>Positive response rate: 84%</li> <li>Conducted monitoring at each company</li> <li>73% (Questionnaire response rate 96%)</li> <li>Conducted awareness raising programs (6 departments) and individual interviews with outside suppliers (12 companies)</li> <li>Confirmed that the likelihood of relevant human rights violations at all Group companies is low according to the results of the human rights risk assessment conducted in FY2020 and that sufficient risk mitigation measures are being implemented</li> <li>Completed identification of business partners in need of clarification of the second sustainable procurement survey and resolved all issues</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value by improving trust in our corporate brand (mitigation/prevention of the risks of damage to corporate value)</li> <li>Maintain and enhance trust in the pharmaceutical industry, improving social compliance through sustainable procurement</li> </ol>
	<b>Corporate Governance Aimed at Fulfilling Our Mission</b> 	Establish a corporate governance structure that enables speedy decision making and supervisory and monitoring function for management and execution	<ul style="list-style-type: none"> <li>Maintain and continue to build an optimal corporate governance structure based on the expectations of society</li> <li>Improve the effectiveness of both the Board of Directors and the Audit &amp; Supervisory Board</li> <li>Enhance and improve transparency regarding corporate governance</li> </ul>	<ol style="list-style-type: none"> <li>Comply with all the principles of the revised Corporate Governance Code in Japan</li> <li>Evaluate the effectiveness of the Board of Directors and implement measures for improvement (conducting third party evaluation on a regular basis, two times by the end of FY2025)</li> <li>Continuously evaluate and improve the effectiveness of the Audit &amp; Supervisory Board</li> <li>Enhance and improve transparent disclosure in order to help stakeholders to understand the company's corporate governance</li> </ol>		<ol style="list-style-type: none"> <li>Comply 100% with the revised Corporate Governance Code in Japan</li> <li>Evaluate the effectiveness of the Board of Directors and implement measures for improvement (including third party evaluation, two times by the end of FY2025)</li> <li>Continuously evaluate and improve the effectiveness of the Audit &amp; Supervisory Board</li> <li>Disclosure through various communication materials with improved transparency</li> </ol>	<ol style="list-style-type: none"> <li>Confirmed 100% compliance with the revised Corporate Governance Code and disclosed in the Corporate Governance Report, including the newly required principles</li> <li>Implemented improvement measures to address issues identified in the FY2020 effectiveness evaluation Selected a third-party organization and conducted the Board of Directors evaluation with the support of it</li> <li>Implemented improvement measures to address issues identified in the FY2020 effectiveness evaluation Conducted self-evaluation on the FY2021 effectiveness evaluation of the Audit &amp; Supervisory Board and identified challenges to be addressed in FY2022</li> <li>Revision of executive compensation system, development and disclosure of the Skill Matrix Disclosure based on the revised Corporate Governance Code Chairman Uji's message in Value Report, and his participation at ESG Briefing</li> </ol>	<ol style="list-style-type: none"> <li>Improve sustainable growth of the company and enhancement of corporate value in the mid-to-long-term</li> <li>Total value provided through our business operations, realize management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders</li> </ol>
	<b>Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages</b> 	Aim at mutual continuous growth of the employees and the company by respecting diversity and promoting the success and development of talents in all businesses	<ul style="list-style-type: none"> <li>Creating a work environment where a diverse range of talents are highly engaged and can maximize their potential</li> <li>Acquisition and training of talents to enhance business competitiveness</li> </ul>	<ol style="list-style-type: none"> <li>Percentage of female in senior managerial employees<sup>*7</sup></li> <li>Positive response rate (%) on corporate culture &amp; work environment through engagement survey</li> <li>Positive response rate (%) on development &amp; growth opportunities through engagement survey</li> <li>Amount of training/development investments per employee</li> </ol>		<ol style="list-style-type: none"> <li>30%</li> <li>80% or more, or 10% or more increase compared to FY2021</li> <li>80% or more, or 10% or more increase compared to FY2021</li> <li>Disclose the result</li> </ol>	<ol style="list-style-type: none"> <li>17.9% (+1.8% YoY)</li> <li>Positive response rate 75%</li> <li>Positive response rate 68%</li> <li>¥121,065 (+¥24,879 YoY)</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value through developing talents to carry out business activities</li> <li>Diversify of human resources, respect for human rights, talent development</li> </ol>

\*1 MR: Feb. 2022, INTAGE Healthcare Inc. (Rep-I), MA: Jan. 2022, INTAGE Healthcare Inc.

Product Information Center: Nov. 2021, transcocosmos inc. and The Japan Research Institute, Limited

\*2 Scope1: Direct emissions from the reporting company's factories, offices, vehicles, etc. (Combustion of fuels)

Scope2: Indirect energy-derived emissions from electric power and other energy consumed by the reporting company

Scope3: Indirect emissions other than Scope1 and Scope2. Category 1 is emissions from activities up to manufacturing of raw materials, parts and containers / packaging materials

\*3 Reviewed in FY2022

\*4 Subject to the third-party assurance

\*5 Newly set in FY2022

\*6 Freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation

\*7 Senior managerial employees: percentage of women who are in positions equivalent to division heads or higher positions