Activity Report

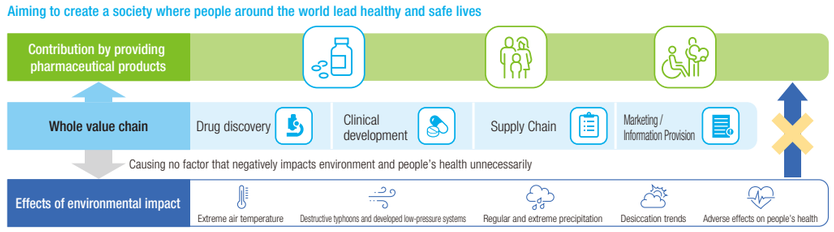
Environment

We promote environmental management as we recognize that environmental issues, including global warming and intensifying weather-related disasters which now threats to the sustainable development of society as well as people's health; which is a risk that could affect our long-term business foundation, including the stable supply of pharmaceuticals.

Promoting Environmental Management

We conduct business activities to contribute to the enrichment of quality of life through providing pharmaceutical products. We know, however, that those activities could cause environmental impact that might raise environmental issues. What underlies our promotion of environmental management is the following belief: activities necessary to provide pharmaceutical products must not unnecessarily contribute to environmental phenomenon that may threaten people's health and daily lives.

In the current 5-year business plan, we will contribute to the realization of a resilient and sustainable society by proactively challenging various initiatives to implement advanced measures to climate change and to reduce environmental impact from R&D to sales all across the value chain.



Toward the Realization of a Decarbonized Society

We have defined three 2050 long-term targets toward realizing a sustainable society: carbon neutrality aimed at realizing a decarbonized society, a 100% recycling rate aimed at realizing a circular economy, and minimizing environmental risk to help fulfill our duties as a society co-existing with nature.

In FY2021, our CO_2 emissions were 191,399 tons (15.7% reduction from FY2015), which had an increase from the previous year. However, due to the shift of our Japanese operation sites to renewable electricity, we expect our FY2022 CO_2 emissions to be approximately 120,000 tons (45.0% reduction from FY2015).

We are also promoting the introduction of solar power systems to promote the use of renewable energy. At the Daiichi Sankyo Chemical Pharma Onahama Plant, which started operations in December of 2020, we reduced CO_2 emissions by 2,070 tons, more than the value assumed at the beginning of FY2021. We also expect to reduce our annual CO_2 emissions by approximately 350 tons due to the activation of our Pfaffenhofen Plant in Germany in February 2022. In addition, we are currently installing solar power systems towards the activation of our Shanghai Plant in FY2022, which is expected to reduce our annual CO_2 emissions by 320 tons.

At our Pfaffenhofen Plant, we are actively promoting the installation of charging stations to contribute to the spread of electric cars in the region. We had installed ten such stations in 2021 and are aiming to install around 100 by 2024.

We have also expressed our support for the GX League*1, which was established by the Ministry of Economy, Trade and Industry towards achieving carbon neutrality by 2050, and we will participate in the carbon-credit-market demonstration project to be started in September 2022.

*1 The GX League was established as a way to help achieve carbon neutrality by 2050, bringing groups of companies that actively work on GX (green transformation) the opportunity to come together within the industry, government, academia, and finance, to discuss about transforming economic and social systems towards attaining GX and to implement the creation of new markets.

Reducing Environmental Risks through Appropriate Waste Disposal, etc.

We are working on reducing environmental risks by appropriately managing chemical substances, appropriately disposing waste, preventing soil and water pollution, and taking other such actions. In FY2021, we finished appropriately disposing the hazardous high-density PCB*2 waste stored by our Japan domestic Group companies in line with the Law Concerning Special Measures Against PCB Waste. We also finished appropriately disposing our low-density PCB waste in FY2017.

At our former Yasugawa Plant (in Yasu, Shiga Prefecture), we started the removal of facilities where soil polluted by agricultural chemical raw materials was stored. We are enhancing communication in appropriate frequency as we start this work, including having evaluation from a third-party organization against the suitability of the work plan, the effectiveness of the results, and other details, while also providing briefing sessions and observation tours for the government and nearby residents. As we remove the storage facilities, we are striving to prevent the scattering into nearby areas by setting up a depressurized tent, and we are watching for environmental effects through regular environmental monitoring. Moreover, we are checking the site to ensure that any polluted soil and other materials that are carried out are appropriately disposed by disposal companies.


Depressurized tent to prevent scattering

*2 Abbreviation of Poly Chlorinated Biphenyl

Initiatives for Biodiversity

In recent years, the population of pollinators such as honey bees and butterflies has been on a decreasing trend around the world due to the effects of deforestation, agricultural chemicals, global warming, and other issues. At our Pfaffenhofen Plant in Germany, we cooperate with *Pfaffenhofen in Bloom*—an initiative started by the city of Pfaffenhofen aimed to increase the pollinator population that was—and we are actively working on encouragement of biodiversity on the plant premises. We are planting many flowers in the approximately 3,200m^2 area as an environment where honeybees and other insects can inhabit.

In addition, in April 2022, Daiichi Sankyo Europe, one of our overseas Group companies, started planting one tree per one disposal of a notebook computer, and approximately 200 trees had already been planted. To promote this initiative, the company has secured enough land in Germany to plant approximately 3,000 trees, thereby working on achieving the Sustainable IT.


Planting on the plant premises


Reforestation activities via Sustainable IT

Selected as 'A List' companies in CDP Climate Change 2021 for two consecutive years

Daiichi Sankyo was recognized for leadership in corporate sustainability by global environmental non-profit CDP*3 for its actions to cut emissions, mitigate climate risks and develop the low-carbon economy, securing a place on its prestigious 'A List' for tackling climate change for two consecutive years. In April 2022, the Group's CFO participated in the CDP 2021 Climate Change and Forest Reporting Conference panel discussion as a panelist. At the session, the CFO reported his thoughts on the Group's strategy for increasing its corporate value through its initiatives against sustainability issues as well as the disclosure of sustainability information, and discussed about "the role of a CFO within the improvement on corporate value with sustainability considerations."

*3 A global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions

TCFD

In May 2019, the Group expressed support for the TCFD*4 Recommendations, and, disclosed information such as governance and scenario analysis results in line with the TCFD disclosure framework by 2020. In addition, the Group promotes information disclosure in line with the revisions to the TCFD Recommendations dated October 2021, and the Group is also aiming to significantly enhance our governance and business strategy in order to more actively respond to climate change, a key global issue.

*4 The Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) to review the way to address disclosure of climate-related information and financial institutions

❖ Governance

We establish the EHS Management Committee formed of the Chief Executive Officer of EHS Management as Chairperson and Head of related Divisions (including Directors) and the President of the Group companies as members, in an effort to protect the environment and ensure health and safety. We hold discussions and reporting on policies, target setting, and activities related to global EHS management at this committee twice a year, and discussed and reported matters are reported and directed by the Board of Directors. In FY2021, we discussed about increasing our CO_2 emission reduction targets to achieve carbon neutrality, utilizing renewable energy, responding to the revised TCFD Recommendations, and other details.

❖ Risk management

We strive to recognize risks that could necessitate changes to our business activities—including risks related to climate change and water—and take the necessary measures.

The EHS Management Committee evaluates and manages the financial impact of the risks and opportunities for the Group's business caused by climate change, and plays an important role in terms of increasing the Company's resilience, such as reporting material risks to the Board of Directors and comprehensively managing risks. In addition, the Committee discusses and makes decisions related to our short and medium-term targets and implementation plans as we aim to transition to carbon neutrality in the long term.

Read more about risk management. ▶ P. 47

❖ Strategy

As the impact of various environmental factors increases, we must realize a sustainable society 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_2 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). Based on this understanding of the environment, we conducted a scenario analysis in accordance with the recommendations of the TCFD in order to clarify the resilience of our businesses towards climate change.

Scenario analysis implementation

In FY2021, we set up a cross-departmental task force to provide an overview of our scenario analysis and IEA*5 /IPCC*6-related workshops for related departments, and we considered business risks and opportunities from 2030 onward. By using IEA/IPCC scenarios, we identified both transition and physical risks and opportunities throughout the supply chain, and these risks and opportunities were then discussed, evaluated, and ultimately approved by the EHS Management Committee. More specifically, we identified risks and opportunities from the perspectives of procurement, direct operations, and product and service demand, and grouped them up into six categories. We selected the IEA/IPCC decarbonization scenario (1.5°C) and scenario in which decarbonization is not achieved (4°C) due to the decision that it is important to assume extreme cases in terms of both physical risks and transition risks and prepare accordingly. Regarding each scenario, we organized the information based on the potential effects on and resilience of our business from the perspectives of occurrence frequency, business effects, and the existence of investor interest—with additional consideration for the perspective of investors in terms of financial effects—and we comprehensively evaluated risks and opportunities for the period from 2030 to 2050.

*5 International Energy Agency
*6 Intergovernmental Panel on Climate Change

❖ Results of scenario analysis

For each value chain, the potential impact and resilience were clarified, and a comprehensive evaluation was performed, taking into account financial impact as well as investor perspectives.

Scenario	Change in Business Environment	Risks and Opportunities	Potential Impact on Daiichi Sankyo	Impact*	Actions for Ensuring Daiichi Sankyo's Resilience	Business Risk*
1.5°C scenario (world with advanced transition)	Tightening of policies and regulations related to decarbonization	Introduction of carbon taxes	• Assuming that the carbon tax rises to 130 dollars/t-CO_2 as of 2030, the annual cost burden will be about 1.5 to 3.0 billion yen.	Minor	• Financial impact is limited and will be further minimized by promoting upgraded climate change measures aligned with the 1.5°C target.	Minor
		Avoidance of the carbon tax burden by introducing renewable energy	• It will be important to reduce emissions by procuring renewable energy as a countermeasure to the future introduction of carbon taxes and increase in tax rate.	Minor	• Avoid the annual carbon tax burden by approximately 1.6 to 3.2 billion yen as of 2030 by making active use of renewable energy. • Shift to renewable energy for 100% of electricity used at domestic and overseas business sites by FY2030.	Opportunity
		Higher cost of introducing renewable energy facilities	• Energy sources are mainly electricity and gas. Renewable electricity is already being purchased in some areas. • Replacing all electricity used within the Group with renewable energy will cost 0.3 to 0.6 billion yen per year.	Minor	• Reduce costs by promoting our measures, as additional costs for renewable energy and energysaving facilities are on a downward trend.	Minor/ Opportunity
		Higher cost of energy	• Decarbonization measures will be implemented by energy utilities, but if installation and operating costs for the measures themselves increase, it may lead to higher energy procurement costs.	Minor	• While the cost of fossil fuel-derived energy is expected to rise, the impact is currently limited.	Minor
		Prices passed on to procurement costs	• Reducing emissions across the supply chain is important because procurement costs may increase as business partners pass on their own carbon tax burden to prices.	Medium	• Work with business partners to reduce Scope 3 emissions, thereby avoiding the carbon tax burden and limiting the rise in procurement costs.	Minor/ Opportunity
	Greater impact of decarbonization efforts on corporate reputation	Enhanced corporate value	• Our decarbonization efforts are appreciated by ESG investors, which will lead to enhanced corporate value, including a higher stock price.	Major	• Improve our reputation by working toward a decarbonized society, proactively respond to TCFD recommendations, and disclose information that meets the expectations of shareholders and investors.	Opportunity
4°C Scenario (world with increasing physical impacts)	Increased frequency and scale of weather-related disasters (such as heavy rain, floods, and typhoons)	Supply chain disruption	• Heightened risk of disruptions to stable supply. • Risk of plant shutdown or decline in sales due to the inability to produce or ship.	Major	• Strengthen inventory control to ensure stable supply in the event of a disaster. • Purchase from multiple suppliers and consider alternative suppliers for raw materials currently being procured from a single supplier.	Medium
		Temporary suspension of operations at company sites	• Key research centers may be flooded (total cost of flooding damage is approximately 9.4 billion yen). • While some of our manufacturing bases are located near a river, they are unlikely to be flooded. However, traffic disruption may lead to temporary suspension of operations.	Major	• Continue to strengthen our operating bases by conducting flooding risk evaluations in light of our BCP. • Strengthen our response and countermeasures for flooding in our emergency drills and establish and verify our flood disaster manual.	Minor
		Deadstock caused by extreme weather (inundation)	• Possible damage to product inventory as well as a shutdown of operations due to flooding of distribution centers and other sites.			
	Rise in temperature	Increased prevalence of diseases associated with climate change	• Increased demand for pharmaceuticals related to malignant melanoma, cardiovascular, respiratory, and tropical diseases, greater demands and expectations from society. • Potential decrease in demand for existing products due to changes in disease structure.	Major	• Secure production lines to meet growing demand and strengthen inventory control. • Consider conducting research and development, along with the possibility of collaborating with external resources, to address unmet medical needs and diseases for which there is a strong social demand for treatment, including structural changes in diseases and pandemics.	Medium/ opportunity
		Increase in air conditioning costs	• In principle, our operations are performed indoors at our head office, research and development bases, and manufacturing bases, so the cost of air conditioning is expected to increase as the temperature rises. However, the impact will be limited.	Negligible	• Continue to improve energy efficiency, although the financial costs are within an absorbable range and their impact is small.	Minor
		Increase in insurance and BCP costs	• Fire insurance premiums are already on the rise due to the growing severity of wind and flood damage caused by rising temperatures. However, prospects for future premium increases are limited.	Negligible	• In Japan, flood frequency is expected to increase by a factor of 4 when the temperature rises by 4°C. However, even if insurance premiums rise several times as a result, the financial impact will be negligible.	Minor
	Water shortages	Temporary suspension of operations at corporate bases	• Plants in China and Brazil are at greatest water withdrawal risk and are likely to be shut down because of flooding • Possibility of unexpected short-term drought at other locations.	Medium	• Promote drought countermeasures such as installation of rainwater tanks and use of recycled water. • Consider emergency supply measures, such as using other manufacturing sites and outsourcing manufacturing, in line with trends in pharmaceutical regulations in the event of a prolonged drought.	Medium
	Loss of biodiversity	Reduced productivity of products derived from natural compounds	• If production is halted due to unavailability of raw materials caused by the loss of biodiversity, the expected annual loss will be approximately 2.0 billion yen.	Medium	• Take prompt action before the risk materializes, as we have secured several years' worth of inventories for raw materials.	Minor

* The degree of impact is evaluated based on a scale of: Negligible (below 0.1 billion yen); Minor (between 0.1 to 5.0 billion yen); Medium (between 5.0 to 10.0 billion yen); Major (between 10.0 to 30.0 billion). Business risks are comprehensively assessed based on the degree of impact and frequency of occurrence.

Although our understanding is that we face only limited direct transition risks in terms of the Group's business activities, with regard to the supply chain, there is a future risk of cost increases due to carbon taxes and transition measures. In addition, regarding physical risks, there are concerns about the ability to maintain a stable supply as meteorological disasters worsen. Based on the above analysis results, regarding transition risks, we will use them as an opportunity to reduce our costs by avoiding the burden of carbon taxes, etc., such as by continuing to promote our energy saving measures, utilizing renewable energy, introducing decarbonization technology, and cooperating with our business partners. Similarly, regarding physical risks, we will aim to avoid damage to the group and continuously improve corporate value by strengthening our business continuity plan—including flood damage measures—implementing preventive measures to increase the stability of the supply chain, ensuring diversity, ensuring support measures, ensuring alternative measures, and implementing other measures as necessary.

The EHS Management Committee and Board of Directors will manage the Group's progress on measures to address important risks evaluated and identified by our scenario analysis.

❖ Indicators and targets

As a result of reviewing our climate change KPIs in FY2021 based on the progress of our current 5-year business plan (FY2021–FY2025), in addition to increasing our Scope 1 and Scope 2 target levels to those necessary for a 1.5°C scenario world, and for Scope 3, we updated the CO_2 emission reduction targets demanded of our suppliers to the "1.5°C level" as a supplier engagement target.

We are also paying medium-term performance-based share compensation to our Directors according to their level of achievement of climate change targets, including ESG indicators.

For details, see the EHS Management Policy (FY2021–FY2025) and targets in our current 5-year business plan.

Read more here. ▸ https://www.daiichisankyo.com/sustainability/the_environment/policy-system/#anc02

For details, see the information on medium-term performance-based share compensation.

Read more here. ▸ https://www.daiichisankyo.com/about_us/governance/compensation/

CO_2 emissions and other environmental data >> ESG data ▶ P. 105

Sustainable Procurement

To realize our 2030 Vision, to become an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society," we promote sustainable procurement activities with the aim of contributing to a better society, to the environment, and to economic development.

Business Partner Code of Conduct

Today, companies are required to respond to global social issues through their entire value chains. We believe that not only do we, but our business partners play an extremely important role. For this reason, in April 2019, we revised the Daiichi Sankyo Group Corporate Conduct Charter and clarified what we deemed to be "responsible procurement" and "encouragement for our business partners to take actions" and, at the same time, we established a new Business Partner Code of Conduct. This Code of Conduct articulates our commitment and expectations we have for our business partners with whom we do business. It comprises of six items: business integrity based on ethics; labor and respect for human rights; health and safety; promoting environmental management; optimal quality, cost and stable supply; and management system. The code is applicable to all business partners that provide us with products and services. We aim to work with our business partners to fulfill our social responsibilities and achieve a sustainable society, ensuring their activities comply not only with this Code of Conduct, but with all relevant laws, regulations, policies, and industrial standards.

Sustainable Procurement Survey

We conduct a sustainable procurement survey based on the Business Partner Code of Conduct with our major business partners in Japan and overseas on a three-year cycle. The survey is used to understand the status of our partners' initiatives for social issues. After collecting the survey, we conduct follow-up surveys and other forms of communication to promote the PDCA cycle for sustainable procurement and to ensure we and our business partners share a mutual understanding of sustainability. We are carrying out our second round of this survey (FY2020-FY2022).

Establishing Business Partner Management System

We are working to establish a business partner management system to avoid any risks of damage to our corporate value resulting from problems caused by our business partners. The system is based on risk assessments when first commencing transactions with potential partners, followed by continuous monitoring.

In September 2021, we established guidelines outlining the work processes for business partner management in Japan. Since then, we have carried out IT-based risk assessments and monitoring of our business partners. We are also working towards establishing a business partner management system for our overseas Group companies; in this way, we will promote initiatives that ensure proper transactions with business partners across the entire Group.

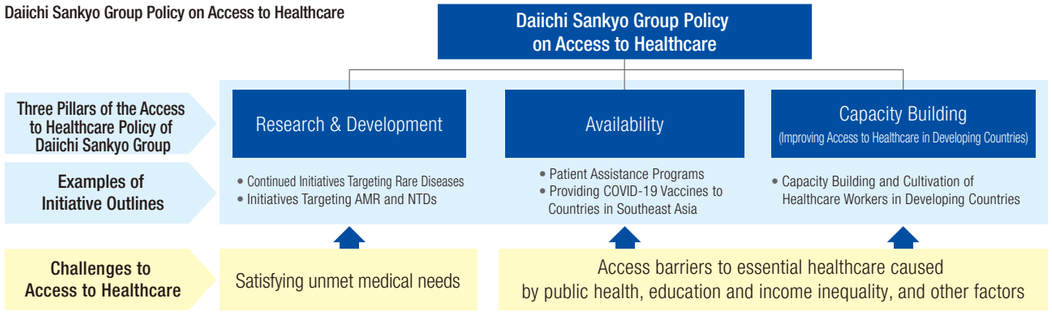
Stable Procurement Initiatives

In recent years—due to various risks that are difficult to predict, including large-scale natural disasters, pandemics, and conflicts between countries—maintaining and ensuring the stability of the supply chain, including not only Tier 1 suppliers but also Tier 2 and Tier 3 suppliers, has become an important issue for many companies. Regarding the approximately 1,600 raw material items our Group's five major plants in Hiratsuka, Odawara, Onahama, Tatebayashi, and Kitamoto purchase, we strive to understand the geographical information (company names and addresses) of raw material suppliers and major processes beyond Tier 1 in order to quicken the initial response to potential risks. We conducted the sustainable procurement survey targeting 36 of our non-Tier 1 suppliers of particularly important raw materials (raw material suppliers from Tier 2 and beyond who do not have a direct relationship with the Company) in an effort to enhance stable procurement.

Access to Healthcare

We have established the "Head of Access to Healthcare," and are striving to resolve issues related to access to healthcare. Our Daiichi Sankyo Group Policy on Access to Healthcare prioritizes activities in three areas: Research & Development, Availability, and Capacity Building. Going forward, we will continue working to expand access to healthcare.

Daiichi Sankyo Group Policy on Access to Healthcare



Research & Development

❖ Continued initiatives targeting rare diseases

There is high societal demand for drugs for rare diseases because of the small number of patients and the lack of effective treatments. We have been actively engaged in the development of pharmaceuticals for rare diseases. In November 2021, we launched *Delytact*®, a re-generative medical product for the treatment of malignant glioma. *DS-5141*, a nucleic acid drug that utilizes our proprietary nucleic acid modification technology, is now undergoing phase 1/2 clinical trials in Japan as a treatment for Duchenne muscular dystrophy. *DS-4108*, a drug that uses the same technology to target glycogen storage disease type Ia (GSDIa), is undergoing pre-clinical studies. The TNAP inhibitor *DS-1211*, which targets pseudoxanthoma elasticum, is being evaluated in phase 1 clinical trials in the United States. A phase 1 clinical trial of *DS-6016* (anti-ALK2 antibody), which targets fibrodysplasia ossificans progressiva, is ongoing in Japan.

Using our strengths in Science & Technology, we will continue to take on the challenge to create innovative pharmaceuticals in rare diseases.

❖ Initiatives to solve Antimicrobial Resistance (AMR) issues

The spread of AMR*1 bacteria is a significant global public health issue, and its impact on surgery and treatment by anti-cancer drugs is of particular concern. A recent research*2 reports that AMR was the cause of 1.27 million deaths around the world in 2019; due to its steady spread, it has been called the "silent pandemic."

In order to combat this issue, in July 2020 we 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. In addition to our vaccine initiatives, in April 2021 we established the Emerging and Re-emerging Infectious Diseases Research Special Team (EReDS) and commenced activities to stimulate research and development into anti-infective agents. By leveraging our Group's strength in drug discovery and promoting industry-government-academia cooperation, we are seeking to fulfill our mission as a pharmaceutical company through the creation of novel drugs.

*1 Abbreviation of Antimicrobial Resistance
*2 "Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis," *The Lancet*

❖ Initiatives for malaria, tuberculosis, and neglected tropical diseases (NTDs) through partnerships with the GHIT Fund

Our Group promotes partnership-based drug discovery. Indeed, collaborations with partners who have networks and possess cutting edge scientific knowledge around the world bring synergies to initiatives that cannot be accomplished by the Group alone. These initiatives contribute to Goal 17: "Partnerships for the Goals" of the Sustainable Development Goals (SDGs).

We have contributed to the Global Health Innovative Technology (GHIT) Fund, a public-private partnership originating in Japan that aims to enhance research and development of drugs for combating infectious diseases in developing countries, since it was established in April 2013. We are utilizing partnerships formed through the GHIT Fund to undertake a number of projects, including: screening for active compounds for drugs to treat both Malaria and the neglected tropical disease (NTD) Chagas; and investigating candidate anti-tuberculosis drugs from natural products. In order to accelerate such initiatives, in July 2022 we hosted an in-house lecture given by Osamu Kunii, CEO of the GHIT Fund. The lecture helped raise awareness among our Group employees of the importance of improving access to healthcare, including measures to prevent infectious diseases.

Availability

❖ Providing COVID-19 vaccines to countries in Southeast Asia

Under contract manufacturing of the COVID-19 vaccine "Vaxzevria™ intramuscular injection" developed by AstraZeneca, Daiichi Sankyo and Daiichi Sankyo Biotech have engaged in formulating the vaccine—including vial filling and packaging—since March 2021. After being dispatched from Daiichi Sankyo Biotech to AstraZeneca, the vaccine has been delivered to countries in Southeast Asia via the Japanese government, and to various other countries and regions via COVAX Facility*3 and related schemes.

*3 COVAX Facility is an international scheme led by the Gavi, the Vaccine Alliance; the Coalition for Epidemic Preparedness Innovations (CEPI); and the World Health Organization (WHO) to jointly purchase vaccines and distribute them to developing countries.

Capacity Building (Improving Access to Healthcare in Developing Countries)

❖ Capacity Building projects

In developing countries, access to healthcare is restricted due to various factors such as the relative lack of healthcare systems and healthcare infrastructure and shortages of healthcare professionals. To resolve such issues, we are implementing several projects in FY2021 as shown in the table below, by forming partnerships with NGOs that possess robust infrastructure for conducting local activities:

Project	Country	NGO/NPO Partner	Period
Mobile Healthcare Services with Mobile Clinic Vehicles	Myanmar	Plan International Japan	April 2019–March 2022
Breast and Cervical Cancer Screening Camp	Nepal	AMDA Multisectoral & Integrated Development Services (AMDA-MINDS)	January 2021–December 2023
Strengthening Healthcare Infrastructure for SRHR*4 and for Breast and Cervical Cancers	Zimbabwe	Plan International Japan	April 2021–March 2024

*4 Sexual and Reproductive Health and Rights

❖ Participation in Access Accelerated Initiatives

Daiichi Sankyo has participated in Access Accelerated Initiatives, which was launched in 2017 with the goal of improving the prevention, diagnosis, and treatment of non-communicable diseases (NCDs) in low and lower-middle income countries. Access Accelerated is a collective of more than 20 biopharmaceutical companies from Japan, the United States, and Europe, which works in partnership with The World Bank Group and the Union for International Cancer Control. Access Accelerated is working to improve access to healthcare in various countries, as part of its efforts to achieve one of the targets of Goal 3 of the SDGs: "by 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being."

ACCESS ACCELERATED
Moving NCD Care Forward

VOICE

Maiko Kobayashi
Country Director, Nepal Office, AMDA-MINDS

Breakthrough the Barriers of Social Norms: For the Future of Women!

In Nepal, where medical screenings are not yet commonplace, the "Breast and Cervical Cancer Screening Camp Project" has succeeded in steadily increasing the number of women undergoing screenings. In light of this success, the city of Gokarneshwar has determined to provide support for a one-stop service that offers "screenings ⇒ complete examinations ⇒ definitive diagnoses," and has started providing post-diagnosis subsidies.

This joint project with Daiichi Sankyo has been a great success in strengthening our ties with the local administration, and established a new scheme for screenings, diagnoses, and treatment for female-specific cancers in the region. Going forward, we intend to hold this project up as an example of best practice, and expand it to other regions; in this way, we hope to contribute both to the early detection of breast and cervical cancers, and to reductions in mortality rate.

Human Rights

We believe that respect for human rights is the foundation for the corporate activities to put our Mission into practice. To this end, we are strengthening our human rights initiatives in line with the Daiichi Sankyo Group Human Rights Policy.

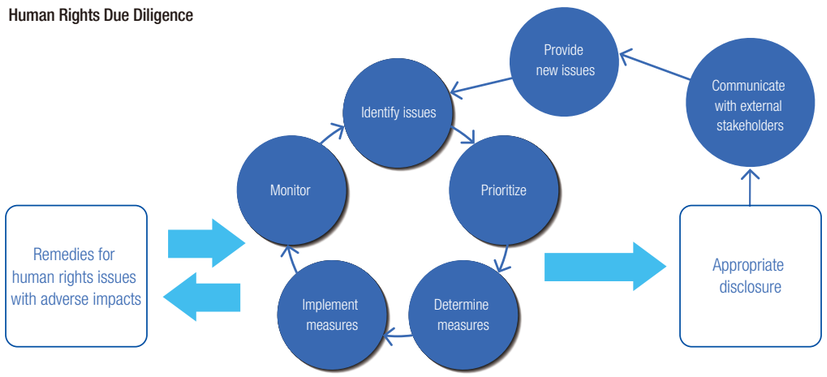
Human Rights Due Diligence

❖ Systems

After establishing the Daiichi Sankyo Group Human Rights Policy in FY2020, we set up an internal, cross-functional team—for which the Sustainability Promotion Department serves as administrative office—to address human rights issues and carry out human rights due diligence*1. We will continue to identify the need to review salient human rights issues through human rights risk assessments and communication with our stakeholders, and make efforts to avoid any negative impact on human rights that may be an inadvertently consequence of our Group's business activities.

*1 A framework to assess, identify, prevent and mitigate any actual or potential human rights risks arising from our business activities

Human Rights Due Diligence



❖ Human rights risk assessment

In FY2019, prior to the establishment of the Human Rights Policy, we conducted a human rights risk assessment to examine the status of risk management in five areas of our business: wages; discrimination and inhumane treatment; human rights in the supply chain; human rights of participants of clinical trials; and access to healthcare.

As the next step after the above assessment, a questionnaire survey covering human rights due diligence topics was issued to all Group companies in FY2020. We checked the content of the survey as shown in the table below, and found no significant risks related to the International Labor Organization (ILO) Core Labor Standards, such as no risk of forced labor of foreign workers and of child labor; prevention of discrimination; and respect for collective bargaining rights. We provided feedback on the results of the survey to each Group company in order to improve our initiatives. We plan to conduct the assessment every three years.

The Contents of the Questionnaire

Item	Contents
Dissemination of human rights policies	Status of Human Rights Policy dissemination, Status of implementation of trainings related to human rights
Address to human rights issues	Forced labor and human trafficking, Child labor, Discrimination, Freedom of association and collective bargaining rights, Working hours, Wage and employment contract, Inhumane treatment, Privacy, Negative impact on local communities, Health and safety, Considerations for human rights in research and development
Management	Stakeholder engagement, Operation of reporting channels, Status of responsible procurement

Awareness Raising Activities on Human Rights

In order to fulfill our responsibilities on respecting human rights, we recognize the importance of deepening the awareness on the relationship between business activities and human rights for our executives and employees. We are conducting various educational and other training programs related to human rights. In addition, a management message is delivered every year on December 10th, the World Human Rights Day. In FY2021, we conducted the following educational and training programs:

- E-learning or training on human rights at all Group companies
- Training on procurement compliance and sustainable procurement for employees in charge of procurement operations in Japan
- CEO message on the World Human Rights Day
- We endorsed the "My Human Rights Declaration Project," organized by the Ministry of Justice in Japan; we announced the "My Human Rights Declaration" of the Daiichi Sankyo Group, and we shared this declaration on our internal portal site in Japan.

Human rights training video in the U.S.

Human Rights Issues Related to the Daiichi Sankyo Group's Business Activities

❖ Human rights related to clinical trials

In the life science industry, high ethical standards are necessary because of the responsibility and impact of our work on patients. We are deeply committed to the safety of people's and patients' health and lives and are dedicated to fostering values based on a high level of ethics.

With regard to the implementation of clinical trials, Daiichi Sankyo has established the "Global Policy of Clinical Trials Standards," and conducts clinical trials in accordance with global standards taking into consideration human rights and safety of participants in clinical trials, and applying high ethical and scientific standards. Clinical trials are conducted in compliance with applicable regulations, the Declaration of Helsinki*2, and ICH*3 GCP*4, upon obtaining individuals' voluntary consent after providing detailed information (informed consent).

We conduct all clinical trials after both ethical propriety and scientific validity are confirmed in accordance with internal review processes. In particular, we ensure the first-in-human study is appropriate ethically and scientifically through clinical trial review meetings that include qualified physicians as review members. Furthermore, clinical trials are conducted after external independent committee (Institutional Review Board / Independent Ethics Committee) reviews the ethics (human rights of trial participant, etc.) and scientific validity, and approves the conduct of clinical trials.

We ensure the training of standard operating procedures aimed for the ICH-GCP and clinical trial ethics to all individuals who are engaged in clinical trials.

An independent department of the Company conducts the audits of clinical trial activities and drives remedial actions and preventive measures.

*2 Ethical principles for medical research involving human subjects.
*3 International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.
*4 Acronym of "Good Clinical Practice," an international ethical, scientific and practical standard to which all clinical research is conducted.

❖ Promotion of Inclusion and Diversity (I&D)

In the Daiichi Sankyo Group, "Inclusion" refers to the acceptance of diversity, and "Diversity" refers to diversity in various aspects, including gender, race, religion, sexual orientation, age, disability, values, and beliefs. We are working to reinforce a culture of mutual respect among employees from both global and domestic perspectives, in which all employees proactively embrace individual diversity; by doing so, we believe we can empower all employees to maximize their potential.

❖ Employee health and safety initiatives

We have adopted the Health and Safety Declaration, which states, "The Daiichi Sankyo Group of companies recognizes that the mental and physical health and safety of employees is essential for employees and the company to achieve mutual growth toward the realization of the company's Purpose and Vision. The Daiichi Sankyo Group of companies hereby declares commitment to proactively create an environment in which all employees can work safely and maintain and improve their health." Based on this declaration, we have formulated a global health and occupational safety strategy and are working to promote the health and safety of our employees. Group companies in Japan are also promoting health and safety measures based on the Health and Occupational Safety Strategy Map, which illustrates measures to address management issues and their expected results.

For further information regarding workplace health and safety, please see P.82

Safety of Pharmaceuticals

We have been achieving the high standards incorporated into the GMP (Good Manufacturing Practice) of Japan, Europe, the United States, and other countries, to ensure product quality by managing all processes based on scientific evidence, from receiving raw materials to manufacturing and releasing products, and to fulfill our responsibility for the market.

Initiatives to Achieve Quality

To deliver safe, top-quality products to patients and ensure safe use, we have established a management system that complies with GMP and GDP (Good Distribution Practice). We strive for consistency in quality assurance throughout our management, including raw material procurement and storage, pharmaceutical manufacturing, as well as the distribution.

We also regularly conduct audits of both Group company and business partners in an effort to maintain and strengthen suitable quality management system and reduce quality risks. All Group-internal organizations implementing GMP or GDP are covered by the above. In FY2021, we conducted both document-based audit and remote audits, as on-site audits remained difficult due to the COVID-19 which shows no signs of abating.

In addition, in FY2021, our Group companies underwent 25 regulatory authority inspections, but no critical observation was identified.

Safety Management Structure

In Japan, our marketing supervisor-general, quality assurance supervisor and safety management supervisor (manufacturing/marketing triumvirate) report regularly to the management on the status of quality management and safety management of pharmaceuticals and other related matters, and the executives confirm that quality management and safety management are being properly implemented.

In addition to the reports on the status of regulatory authority inspections and quality events related to pharmaceuticals, etc., as well as the status of initiatives to address quality issues, regular reports are also made to management regarding the handling of Company-wide/cross-departmental quality risks and issues as well as proposals for addressing issues and continuous improvements and other ideas. We have also started conducting Quality Management Reviews with the management, thereby creating a structure in which the management takes a leadership role in quality.

We establish a system to promptly inform governments, wholesalers, medical institutions, and other stakeholders of any problems and to voluntarily recall products.

Measures for Combating Counterfeit Pharmaceuticals

In response to the growing threat of counterfeit pharmaceuticals, Daiichi Sankyo Co., Ltd. is reviewing the sealing materials and box design of our products and introducing anti-counterfeit technologies. Serialization has been introduced in global pharmaceutical markets as one of the tools to prevent counterfeit pharmaceuticals and we have been applying it to our products in accordance with the regulations of each country. In Japan, for products shipped beginning in April 2021, the labeling of GS1 codes incorporating data on expiration dates and manufacturing numbers on the sales package unit and the tertiary package unit has become obligatory in order to enhance the traceability of pharmaceutical products. We have completed the requirements for all products subject to these obligations. In addition, the labeling of GS1 codes for medical narcotic products, which were previously exempted from GS1 code labeling, will become obligatory moving forward, and we therefore plan to proceed with GS1 code labeling for these products as well. As a pharmaceutical supplier, we will continue to strengthen anti-counterfeit measures and traceability of our products in accordance with the respective risks in collaboration with the pharmaceutical industry and related bodies.

We are actively promoting compliance with GDP to ensure the quality and integrity of our products during the storage and transportation of pharmaceuticals. 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.

Promoting the Success and Development of Human Resources

We position our “people” as the most important “asset” for achieving the Daiichi Sankyo Group’s Mission and Vision, so we strive to acquire and develop human resources who not only possess skills and expertise but also have the ability to think and act in ways that lead to organizational and individual growth and social contribution.

Proactive Acquisition of Global Talent

To achieve our 2030 Vision, which is to become an innovative global healthcare company contributing to the sustainable development of society, we actively recruit and employ global talents. In our corporate staff internships, we set up opportunities for students to communicate with foreign employees in order to objectively certify their conversational English skills. In addition, in the hiring of new graduates for corporate staff, we conduct interviews to confirm the students’ ability to think and respond in a variety of situations based on their cross-cultural experiences. We are also actively working to acquire global talents, and we are continuously hiring such human resources residing overseas through our fully online recruitment activities.

We have also launched a global talent acquisition project, in which the hiring managers at Daiichi Sankyo’s global sites in Japan, the United States, Europe, Asia, Central and South America, and other regions collaborate to promote initiatives that will lead to the active acquisition of global talents.

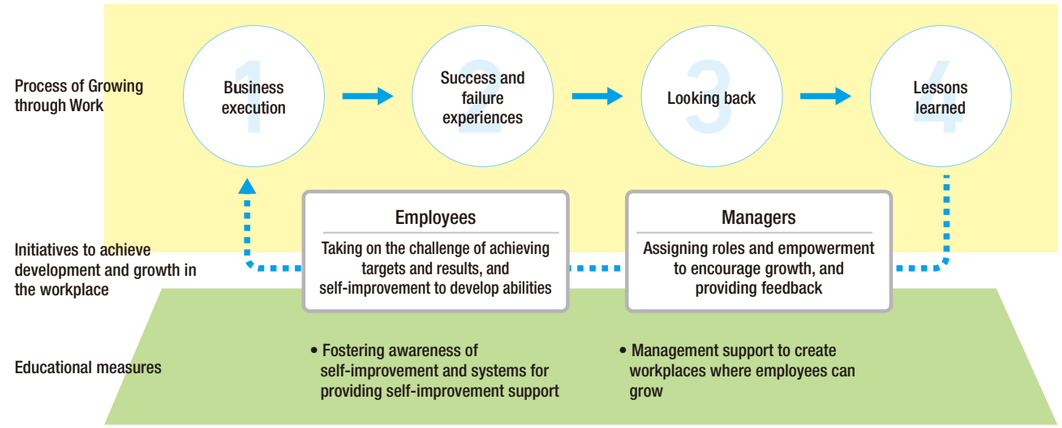
Our Approach to Human Resource Development

Based on the principle of growth through work, we utilize every possible personnel measure related to human resource development, including personnel shifting, evaluation, and training, to develop human resources we require. We also support individual employees who are voluntarily taking on challenges and striving to improve themselves through autonomous actions.

By linking the PDCA cycle of on-the-job training and evaluation at each workplace unit with self-improvement and various types of training opportunities, we are working to enhance the career development of each of our employees.

As an example, we continuously provide selective leadership development training for both mid-level and young employees. By having trainees understand and acquire the knowledge, skills, and mindset required for one level above their current positions and roles at an earlier stage, we are aiming to achieve early promotion to leadership positions and further career development, and thus realize our Vision by improving the capability of the organization. We also consider the promotion of a more active role for women in connection with the above initiatives, which contributes to an increase in the number of females in managerial and other high-level positions.

The Daiichi Sankyo Group’s Human Resource Development Policy



Inclusion and Diversity

We take a broad definition of diversity, which includes not only nationality, race, gender, age, and other attributes but also various specialties, approaches, values, religions, and lifestyles for each job category. We strive to create a corporate culture in which employees respect each other from both a global perspective and a Japanese perspective, believing that if all Group employees actively embrace the diversity of different individuals, they will be able to fully demonstrate their abilities, which will lead to our global business development and the creation of innovation.

As a global initiative, we promote "Creating One DS Culture through fostering our Core Behaviors," which is included in the strategic pillars of the current 5-year business plan. In March 2022, as part of these Core Behaviors, we announced our "Global I&D Statement" for all Group employees to promote inclusion and diversity throughout our global organization. We have also become a member of the "Healthcare Businesswomen's Association," which promotes more active leadership roles for women, to globally express our active promotion of such roles for women. In addition, as a global I&D measure, the leaders of each Daiichi Sankyo Group company produced a video message to express our company's support for the LGBTQ+ community in June 2022 (Pride Month). This video is also available from outside the Company via social media.

Global I&D Statement

"Be Inclusive & Embrace Diversity"

We value people for who they are as individuals, and welcome diverse perspectives in our work, which enables us to achieve more as Daiichi Sankyo.

We are committed to creating a culture of inclusion and embracing the diversity of all, which enables our employees to realize their full potential in the workplace and create innovative treatments that impact our patients around the world.

Our Focus

Respect and appreciate people with diverse backgrounds and strive to create a working environment where everyone feels safe, heard, and valued, building a sense of belonging.	Ensure that all employees have equal opportunities to succeed, regardless of their gender, race, religion, sexual orientation, age, disability or other dimensions of diversity.	Encourage inclusive and diverse thinking and actions through the active collaboration across the global organization.

Promoting Occupational Health and Safety

To realize our Purpose, it is essential to ensure the mental and physical health of our employees. We consider the health of our employees to be an important management resource, and we therefore promote health management based on our health and occupational safety strategy.

EHS Management Promotion Structure

Through our EHS (Environment, Health, and Safety) Management Committee, we have established global occupational health and safety (OHS) measures and targets to promote health and safety initiatives in each country and company. The EHS Management Committee has set numerical targets of "occupational accident frequency rate" and "the number of people who took 30 days or more of non-occupational injury or illness leave" as KPIs for OHS activities to establish healthy, safe workplaces. In addition, we also promote health and safety measures based on our medium-term policy for health and safety management.

External Evaluations in Japan

- Kurumin / Platinum Kurumin certification
- Eruboshi Certification (three stars)
- Certificate of Outstanding Small- and Medium-sized Business Owners for the Employment of Persons with Disabilities (Monisu Certification): Daiichi Sankyo Happiness Co., Ltd.
- "Gold" at PRIDE Index 2021
- Award for Outstanding Offices for the Employment of Persons with Disabilities (Minister of Health. Labor and Welfare Award, JEED president's Award)
- 2022 Certified Health and Productivity Management Organizations Recognition Program (Large Enterprise Category)—White 500
- Received a Minister of Health, Labor and Welfare Award (Special Encouragement Award) at the FY2021 Minister of Health, Labor and Welfare Awards for Companies that Promote Telework (the Kagayaku Telework Awards)

Initiatives Related to Health and Safety

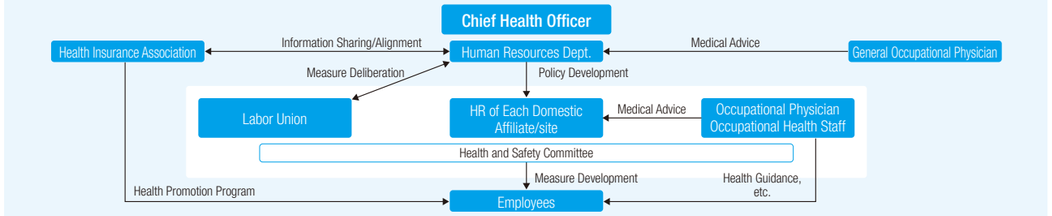
We promote a Health Promotion Plan in all sites of the Group companies globally with high-priority areas (lifestyle disease measures, mental health measures, and providing an environment that encourages employees to undergo medical checkups). In April 2021, we implemented Occupational Health and Safety Management System (OHSMS) based on ISO45001 as a safety measure. In FY2022, we held a contest for posters and slogans aimed at raising awareness of health and safety, and displayed the excellent works at all of our sites.

In Japan, we have established the position of Chief Health Officer (Japan Domestic) to oversee health management, and this position is handled by the CEO in order to promote measures to create an environment enabling our employees to stay healthy and safe at work. In FY2021, we established new evaluation metrics (see the figure below) and targets related to health maintenance and improvement with the aim of improving employee productivity, and we are promoting various measures, mainly in relation to our high-priority areas in Japan (improving lifestyle habits, cancer, motor function, and mental health). In FY2021, we also started providing an online health program tailored to diverse needs, with a total of almost 4,000 employees participating. In addition, we were selected for the White 500 of the 2022 Certified Health and Productivity Management Organizations Recognition Program (Large Enterprise Category).

Health and Productivity Management Promotion Structure

Global Structure

Japan Domestic Structure



Evaluation Metrics/Targets for Maintaining/Improving Health

	Evaluation metrics		Benchmark (FY)	FY2021 results	Numerical targets			
					FY2021	FY2022	FY2025	Comments
①	Absenteeism (Number of employees who took sick leave for 30 days or longer persons on personal sick leave for at least 30 days)		99 Persons (2019)	124 Persons	No settings*	No settings*	80 Persons	Down 20% from the standard value
②	Percentage of loss from Presenteeism		18.3% (2020)	13.5%			14%	Down 20% from the standard value
③	Percentage of individuals with anomalous findings	Blood lipids	40.6% (2019)	40.6%			30%	Improved to less than the general average in Japan (based on data provided by KENPOREN, National Federation of Health Insurance Societies, in 2019)
		Blood pressure	22.9% (2019)	23.0%			16%	
		Hepatic function	21.3% (2019)	20.4%			15%	
④	Incidence of accidental falls at work		24 Cases (2018)	19 Cases			12 Cases	50% lower than the standard value
⑤	Percentage of employees dealing with high-stress		4.0% (2020)	5.0%			3.0%	
⑥	Rate of participation in health events		8.1% (2020)	29%	15%	35%	40%	Number of participants in event/all employees
⑦	Ratio of conducting specific health guidance		39.6% (2019)	59.6%	50%	65%	70%	
⑧	Smoking rate		16.9% (2019)	12.6%	13%	11%	8%	0% in FY2030

*Medium-term targets. Targets are not set for a single year.

Support for Diverse Work Styles

We promote work style reforms in line with the situations of each unit and country. As an example, our R&D Unit has been promoting the global optimization of employee work-life balance in FY2021, by implementing measures such as No-Meeting Times globally. In Japan, under the DS Smart Work initiative, we are promoting the development of an environment enabling the selection of optimal work styles from three perspectives: diverse work style promotion, offices, and IT infrastructure. To promote diverse work styles, we have established flexible work systems, including a flex time system without core time, and diverse leave schemes to contribute to work styles suitable for different business characteristics and lifestyles. In addition, we have gradually expanded our telework system ever since we first introduced the system in 2010, and all of our employees engaged in work for which telework is possible can now utilize the telework system without limitation on the number of days they can work. Our efforts in this regard have also been recognized, and, in FY2021, we won a Minister of Health, Labor and Welfare Award (Special Encouragement Award) at the Kagayaku Telework Awards organized by the Ministry of Health, Labor and Welfare.

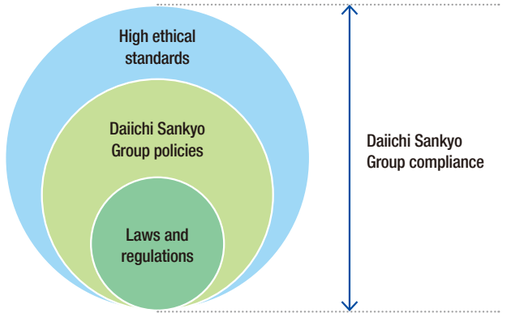
Compliance

Compliance is indispensable to the sustainable growth of a company. The Daiichi Sankyo Group's approach to compliance management involves not only adhering to the applicable laws, regulations, and internal standards, but upholding high ethical standards and social norms becoming of a healthcare company when doing business.

Basic Approach

As a pharmaceutical company operating in the global marketplace, we consider compliance to be an all-encompassing factor that we must continue to address if we are to earn the trust of our diverse stakeholders. It also forms the basis of our decision making and value judgements in keeping with one of our core values—"Integrity". We do more than just abide by laws, regulations, and rules of business; we undertake activities with high ethical standards in consideration of not only our internal standards, but also social consciousness, mission, and our contributions to society.

To that end, we have established the Daiichi Sankyo Group Corporate Conduct Charter and the Daiichi Sankyo Group Employee Code of Conduct. Also, the Company and Group companies in Japan and overseas have formulated their own compliance code of practice as a detailed internal standards based on the spirit of the above-mentioned codes of conduct in order to meet the demands of society in their respective regions. We ensure that all executives and employees have a thorough understanding of all these rules.



Compliance System

The development of a compliance system is stipulated in the Group's basic policy on establishing an internal control structure. In accordance with that policy, the head of the Corporate Affairs Division acts as the Compliance Officer to oversee the Group's compliance programs. Compliance officers are also appointed in each Group company in Japan and overseas as part of a Group-wide compliance system for promoting compliance practices in each company. We have also established a Corporate Ethics Committee partially comprising external experts to deliberate and reach decisions on important issues, as well as a Global Compliance Advisory Committee chaired by the head of the Legal Affairs Department and comprised of compliance officers from Group companies in Europe and the United States as permanent committee members. This committee functions as an advisory board to the Corporate Ethics Committee and facilitates the global implementation of compliance practices.

Global Policy

In recent years, companies with global operations have been required to develop broad policies regarding the code of conduct for individuals in their respective organizations. We established the Daiichi Sankyo Group Employee Code of Conduct (the ECC) and regularly organize training programs in connection with the ECC in an effort to raise awareness about how every employee should conduct themselves. Personal information protection and the prevention of bribery and corruption are also topics of growing importance for companies that operate globally with tougher restrictions being enforced worldwide. In order to provide broader, uniform standards and further drive home an understanding of these issues, we added new provisions to the ECC and also established the Daiichi Sankyo Group Privacy Policy and the Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy. We will continually endeavor to abide by, and implement these policies.

Compliance Training and Awareness Activities

Ongoing compliance training, education, and awareness activities are indispensable to the promotion of compliance.

We are striving to further raise awareness of compliance among all employees by, for example, regularly sending out messages from the CEO to Group companies in Japan and overseas regarding the importance of compliance.

Every year Daiichi Sankyo and the Group companies in Japan conduct small group discussion training (interactive) using training materials developed in-house. We also conduct compliance training annually for new employees and newly appointed managers in Japan. Furthermore, we periodically hold training by external specialists on a regular basis for the Company's executives, the presidents of domestic Group companies, and compliance officers. Training is also offered at our overseas Group companies with the use of case studies, e-learning or other methods, as appropriate to each region.

Ethical Marketing

In addition to establishing a code for the Company and our Group companies that complies with the industry code of each country and territory in which we operate based on the International Federation of Pharmaceutical Manufacturers & Associations Code of Practice (IFPMA Code), we have also established the Daiichi Sankyo Group Global Marketing Code of Conduct as a global policy with the aim of maintaining a high level of standard when interacting with healthcare professionals, medical institutions, and patient organizations, and also when promoting pharmaceutical products. In this policy, we have clearly stated that our focus must rest on providing information about pharmaceuticals to healthcare professionals, providing scientific and educational information, and supporting medical research and education. The policy also prohibits the provision of entertainment, cash, and other personal gifts and stipulates stricter contractual terms and conditions in cases where we pay remuneration to healthcare professionals, as well as the appropriateness of that remuneration. In this way, we undertake appropriate marketing practices in accordance with the IFPMA Code.

Compliance Awareness Survey

Every three years at Daiichi Sankyo and domestic Group companies, executives and employees are asked to participate in a compliance awareness survey. In FY2020, around 9,500 people were surveyed, and we gained an idea of our strengths and issues to address going forward by analyzing how well employees understand the Group's mission and compliance policies, compliance implementation, and the state of our internal systems. Also, in FY2021 we started conducting, on a Group-wide basis, a corporate culture awareness survey. The results of that survey are being managed as a KPI and will also be leveraged in measures aimed at fostering a culture that will lead to the building of a platform for compliance management. Up ahead, we intend to conduct the compliance awareness survey more regularly and make use of the results to promote compliance throughout the Group.

Introduction of Global Hotline and use of Whistleblowing System

The Group launched a global hotline that allows employees and people from outside of the Group to report compliance reporting and consultation anonymously. The reports received via the hotline are then dealt with appropriately at each Group company. We are also making it easier for employees at Daiichi Sankyo or domestic Group companies to submit reports about, or discuss, compliance matters by establishing and operating dedicated phone lines and e-mail addresses at each Group company along with harassment reporting and consultation service within the Company's Human Resources Department and each worksite. In accordance with the revision of the Whistleblower Protection Act in Japan, which took effect on June 1, 2022, the Company and the Group companies in Japan are also currently revising our policies for handling whistleblowing and related matters in a timely manner. We also maintain a procedure that enables employees to report, or discuss, misconduct by an executive of an overseas Group company.

In order to foster an open workplace environment, we will continue to communicate not only the significance and importance of the reporting system but also the confidentiality, to the extent possible, of reporters and individuals seeking consultation to ensure its effective operation.

*Compliance Data for FY2021 (Global consolidated)
・Number of allegations received (excluding through our compliance monitoring processes): 157
・Measures: On the basis of the reports received, we conducted appropriate investigations for cases determined to require investigation. In case allegations have been found to be substantiated, we took appropriate measures, including disciplinary actions against any infringer.
Note: The results included in this information for FY2021 were calculated by each Group company based on the individual criteria; as such, the calculation of the number of allegations may be impacted by regional differences in laws, employment practices, and local policies and procedures.

VOICE

Kana Shimazu
Ethics & Compliance Group, Legal Affairs Department

Promoting Compliance on a Global Scale

The Ethics & Compliance Group of the Legal Affairs Department, to which I belong, plays a central role in the compliance promotion activities of the entire Group. In the promotion activities, it is necessary to develop and educate employees on various measures and rules, and to detect compliance risks at an early stage, etc. We believe it is important to foster an open workplace culture as a foundation for such activities. In an employee survey on corporate culture conducted in FY2021, we received 84% positive responses, and we hope to make the workplace culture more favorable for our employees. All of the domestic and overseas compliance members I spoke with shared the same view, and we have set a FY2022's common goal for the Group to once again address the importance of fostering an open workplace culture. In order to establish a workplace culture where each and every employee can feel comfortable expressing his or her opinions and ideas by listening to others, we will implement a variety of measures, respecting the local culture of each region, together with our colleagues in Japan and overseas who are promoting compliance.

Japan Business Unit

Initiatives for 5-year Business Plan

In Japan, we have earned the trust of medical professionals in the primary care field by providing therapeutic agents for a wide range of diseases, including cardiovascular diseases such as thromboembolism, lifestyle-related diseases, diseases related to the central nervous system, and diseases related to pain. Under the current 5-year business plan, we aim to become the most trusted healthcare partner in the oncology field by focusing on *Enhertu*®, which we launched in May 2020. In addition to creating efficacy and safety information related to cancer therapy, we are going to deliver information with sincerity from the perspective of total patient-centered care. And we are always exploring ways to contribute to the medical community as members of comprehensive business that offering our many primary care products, oncology products, vaccines, and generic drugs.

Furthermore, as a strong partner to healthcare professionals in Japan, our goal is to be the best company in Japan, both in name and reality, capable of accurately responding to all needs, from prevention to treatment and in reducing healthcare costs.

FY2021 Major Results

In FY2021, new organization, "Japan Business Unit," has started to increase our contribution to patients at the level of No. 1 in Japan by the effective collaboration among Medical Affairs (MA), Marketing, and Sales functions and by use of our strengths in the primary market to grow in the oncology market.

April 2021, we launched *Emgality*®, a migraine attack suppressant with a new mechanism of action. We were able to provide a new treatment option for patients that suffer from migraines. *Enhertu* is now in its second year on the market, and by continuing to focus on safety and ensuring that it is used appropriately by patients, *Enhertu* has grown to capture the top market share in both the breast and gastric cancer fields.

In FY2021, we maintained our No. 1 rating in MA activities (cardiovascular field), MR activities, and inquiry response in a survey of healthcare professionals conducted by an external organization.

Shoji Hirashima

Head of Japan Business Unit

Shoji Hirashima joined the company in 1988. He worked in R&D, Global Marketing, and planning of the 5-year business plan as CEO of U3 Pharma GmbH, Head of Global Brand Strategy Division, and Head of Corporate Strategy Division. He was appointed to his current position as Head of Japan Business Unit in April 2022. In June 2022, he was appointed Representative Director and Senior Executive Officer.

Oncology Business Unit

Initiatives for the 5-year Business Plan

The Oncology Business Unit (OBU) will contribute to our current 5-year business plan by maximizing our antibody-drug conjugates (ADCs), changing the standard of care for cancers such as certain breast and lung cancers, and establishing Daiichi Sankyo as a global oncology leader.

The OBU's paramount responsibility is to ensure our medicines reach the right patients, at the right time, in the U.S. and European markets. We collaborate with the healthcare community, market access decision-makers, and patient advocacy groups to provide them with the information they need about our medicines in order to make the best treatment decisions for patients.

FY2021 Major Results

The OBU, established in April 2021, is now a highly collaborative, accountable, and agile organization working as one unified team seeking to transform the oncology landscape through medicines that change the standard of care. We entered year two having increased revenue from the OBU by nearly 46.9%, reaching ¥69.6 billion. This contribution is primarily due to sales of *Enhertu* (fam-trastuzumab deruxtecan-nxki) in the U.S. and Europe, as well as strong sales of TURALIO™ (pexidartinib) in the U.S. Our team successfully launched *Enhertu* in the U.S. and Europe in 2021 for the treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who received two or more prior anti-HER2-based regimens in the metastatic setting, while preparing for additional launches in FY2022. The OBU is proud to have significantly contributed to *Injectafer* (ferric carboxymaltose injection) enjoying its strongest quarterly performance since its launch in 2013 as a result of our continued co-promotion with our affiliate, American Regent. Demand was driven by accurate and compelling communications and engagement with our customers regarding our products' strong clinical profiles.

As we prepare for multiple launches over the coming years, we have established a world-class launch excellence platform enabling continuous learning. We attracted and developed talent and formed global and regional leadership teams of experts in the fields of medical care, marketplace dynamics, patient access, and more. What drives us is a deep sense of responsibility to patients and to each other.

Ken Keller

Head of Oncology Business Unit

Ken Keller has more than 30 years of general management, commercial, and joint venture leadership experience in therapeutic areas such as oncology, bone health, inflammation, and primary care. Prior to Daiichi Sankyo, Ken led successful, high-profile business units in the U.S. and Europe at other innovative healthcare companies.

EU Specialty Business Unit

Initiatives for the 5-year Business Plan

We care for every heartbeat. Our goal is to protect people from cardiovascular disease and help those who suffer from it, so they can enjoy every precious moment that life has to offer. For us care goes beyond providing medicines. We seek to understand the needs of patients, caregivers, and healthcare professionals to inform everything we do. Through the strategic use of digital technology and advanced analytics, we create a deep understanding of how we can become better every day at supporting our customers to make the best decisions for patients and explore ways to complement and expand CV care to improve health outcomes. Our Specialty organization is fully focused on delivering outstanding customer experience and living a truly patient centric mindset.

Another important element is our contribution to the sustainable development of society. One focus area is reducing our environmental impact. Another one is our efforts around Inclusion & Diversity to ensure that everybody can bring their best to the table to deliver value to patients and play an active role in shaping our One DS Culture. Our major challenge going forward is the current geopolitical uncertainty and economical volatility, and its possible impact on our business.

FY2021 Major Results

We focus on maximizing *Lixiana*® and growing *Nilemdo*® / *Nustendi*®. *Lixiana* shows a steady growth in most countries with increasing market shares. We also launched *Nilemdo* / *Nustendi* successfully in further European countries. For the first time in our history as Daiichi Sankyo in Europe we were able to reach a revenue of €1 billion. This is the success of our talented and engaged teams all over Europe.

Jan Van Ruymbeke

Head of EU Specialty Business Unit

Jan joined Daiichi Sankyo Europe GmbH in 2012 as Managing Director, CEO. A medical doctor by education, Jan joined the pharmaceutical industry in 1989. After positions as General Manager at Janssen-Cilag Hungary and Country President at Novartis South Africa, from 2005 to 2012 he was Grunenthal's General Manager for Spain and Iberia and Head of Latin America. Throughout his career Jan has been focusing on creating customer centric organizations.

ASCA Business Unit

Initiatives for the 5-year Business Plan

The ASCA Business Unit is responsible for the Asia and South & Central America regions. The Unit manages the operations of seven local affiliates in China, Taiwan, Korea, Thailand, Vietnam, Hong Kong, and Brazil, providing support for marketing activities, medical affairs activities, market access and pricing activities, and export businesses of our partners. Under the banner of "One ASCA," which combines our existing business and oncology business, we aim to secure high profitability and build a foundation to transform into an oncology business by 2025. Our 2030 Vision is to "deliver our products faster and to more patients in ASCA region. Focusing on the oncology business and showing presence in each country/region."

We plan to enhance our business in China, launch our ADC franchise promptly, and expand our business in Australia and Singapore in order to strengthen our sustainable business foundation.

FY2021 Major Results

China, which has a large number of patients, is expanding the application of its volume-based procurement (VBP) program as a drug price control measure. In order to efficiently invest management resources of local affiliates, we reviewed our sales organization structure in China, expanded sales channels for VBP- items through new channels, and spun off the CRAVIT business. Our growth driver, *Lixiana*, maintained its top market share in South Korea and the second largest in Taiwan, and is steadily increasing its presence across all the regions we serve. In April 2021, we reached an agreement with Esperion to negotiate the in-licensing of bempedoic acid, a drug for hypercholesterolemia, and will begin full preparations for its launch in South Korea, Brazil, Taiwan, Hong Kong, Macau, Thailand, Vietnam, Myanmar and Cambodia.

For *Enhertu*, we contributed to providing early access to medical care by launching the Early Access Program (Importation Program) in Hong Kong, China, and Taiwan. In addition, we obtained approval and began marketing in Brazil, Hong Kong, and Taiwan. We will continue to do our utmost to deliver our products promptly to as many patients as possible.

Kiminori Nagao

Head of ASCA Business Unit

Kiminori Nagao has been engaged in the development of new drugs since joining the company in 1988. In his previous position as the Head of Development Division in Japan, he promoted development of new drugs globally, including in Japan and Asia. For two years from 2014, he was the Head of Clinical Development and Regulatory Affairs in Asian countries excluding Japan. He assumed his current role in April 2021.

American Regent Unit

Initiatives for the 5-year Business Plan

American Regent strives to continue to supply and deliver superior quality products that healthcare providers rely on for their patients while focusing on fulfilling unmet needs in healthcare by providing industry leading US manufactured Sterile Injectables. To support the needs of the current 5-year business plan, American Regent will grow through development of our product pipeline, expanded indications/patient population of existing product and M&A activity. In the coming years, we will look to take advantage of our simplified supply chain and our Capex investment in on-shore manufacturing.

FY2021 Major Result

The COVID-19 pandemic created worldwide supply chain challenges and disruption of supply. With proactive planning, advanced ordering and increasing inventory levels of needed materials, American Regent was able to meet and exceed all financial targets by supplying medically necessary drug products. Much of our success was came from meeting market demand created by supply interruptions of other manufactures. Revenue targets were exceeded in our three major categories. *Injectafer* achieved ¥53.1billion. *Venofer* achieved ¥33.8 billion. Generic injectables achieved ¥54.7 billion.

Paul Diolosa

Head of American Regent Unit

Prior to joining American Regent, Paul served as Director of Engineering at Altana Pharmaceuticals for 10 years. His leadership in modernizing manufacturing operations led to promotions of increasing responsibility since he joined the company in 2008. He has spent the past 13 years committed to implementing significant investments in the company's facilities, equipment, people, and practices, including a state-of-the-art manufacturing expansion with a capacity to help millions of patients. He assumed the role of President and CEO of American Regent, Inc. in April 2021.

Daiichi Sankyo Healthcare Unit

Initiatives for the 5-year Business Plan

To achieve sustainable growth, Daiichi Sankyo Healthcare Unit is driving the following market strategies with the goal of reaching ¥100 billion in revenue in the 5-year business plan toward 2025.

1. Domestic in-store sales business: Strive to capture the top share in our target OTC markets (excluding tonic drinks) and expand our core brands in the functional skincare and oral care markets.
2. Mail-order business: Expand skincare business and strengthen development in the lifestyle improvement field
3. Overseas business: Accelerate growth in our China business by collaborating with cross-border Electronic Commerce (EC) companies and strengthening our product lineup.

With regard to the environment surrounding us as we strengthen our existing businesses, consumers are becoming increasingly conscious of their health as "self-care" and "self-medication" has become widespread, as part of efforts to prevent disease, improve health, and extend their healthy lifespans.

In response to these trends, we are focusing on developing products that meet the diverse needs of consumers to be healthy and beautiful, with the aim of achieving sustained growth.

FY2021 Major Results

Although the outlook remains uncertain due to continued slump in consumption stemming by the COVID-19 pandemic, we have been actively engaged in marketing activities by developing new products with an eye on new lifestyles and optimizing the allocation of investment to growing brands. In addition, we strived to revitalize the market by further strengthening information delivery and in-store promotion activities that reflect changes in consumption trends triggered by the pandemic.

As a result, our growth surpassed that of the OTC market YoY, and we are in a position to capture the top share in our target OTC markets (excluding tonic drinks).

In addition, outside of our existing businesses, we have launched the Sleep Consortium initiative as a new business incorporating DX to realize our 2030 Vision, and we are planning to start a business selling sleep assessments to other companies in the future.

Katsuhiko Yoshida

Head of Daiichi Sankyo Healthcare Unit

Katsuhiko Yoshida joined Daiichi Sankyo Healthcare Co., Ltd. on April 1, 2007, after working in corporate strategy for many years.
He served as Director, Senior Executive Officer and Vice President of Corporate Strategy Division before assuming the position of President and Representative Director (Head of Daiichi Sankyo Healthcare Business Unit) in April 2019.

Research & Development Unit

Initiatives for the 5-year Business Plan

The current mission of the R&D Unit is to continue strengthening our global research and development capabilities and maximizing the value of our oncology pipeline, particularly our 3ADCs. We will deliver assets based on our strength in ADC technology, with promising targets such as HER2 and TROP2, to patients around the world. We also will continue to accelerate research and development of our superior oncology pipeline including the rest of the DXd-ADC family and the next generation ADCs, and explore new modalities in both the oncology and specialty medicine therapeutic areas.

We also innovate in central nervous system (CNS) and rare disease areas with high unmet medical needs, leveraging our unique R&D capabilities, advanced technologies, and precision medicine - to revolutionize the standard of care.

FY2021 Major Results

In FY2021, the R&D Unit achieved many milestones through the efforts of R&D members and through collaborations with Daiichi Sankyo RD Novare and external global partners. We achieved outstanding results with our 3ADCs. The DESTINY-Breast03 and DESTINY-Breast04 study results for *Enhertu* are expected to dramatically change the standard of care in some cancers. We also achieved great progress with the "Rising Stars" in the DXd-ADC family and in strengthening the modality technology and research intended to support further growth of the pipeline, as well as progress in the development of *DS-5670*, a COVID-19 vaccine. And we also launched products such as *Edoxaban*. In addition we achieved important milestones in the Alpha oncology and specialty medicine projects and advanced research programs, and implemented organizational and capability enhancements to realize the Global RD One Team approach.

We are focusing on new and sustainable ways of working to ensure that all in the R&D Unit can contribute to our Purpose and Mission, to deliver our innovative and important Science & Technology to patients around the world.

Ken Takeshita

Head of Research & Development Unit

Ken Takeshita was engaged in research at the University of Tokyo and other universities after earning a bachelor's degree in molecular biology from Harvard University and his medical degree from Yale University. He then joined the pharmaceutical industry and led drug development programs including anti-cancer drugs at several global pharmaceutical companies. He served as Global Head of Development as well as interim Head of Research at Kite Pharma since 2019. He was appointed as Daiichi Sankyo's Global Head of R&D as of April 2021.

Biologics Unit

Initiatives for the 5-year Business Plan

In the current 5-year business plan, the Biologics Unit aims to maximize the value of Daiichi Sankyo's ADCs while enhancing its own antibody technologies, with the goal of becoming a technology unit that maximizes the value of ADCs and creates Beyond ADCs with cutting-edge biotechnologies. Furthermore, our 2030 Vision is to become a "technology unit which transforms medical modalities through antibody, cell, and gene engineering technologies." In line with this, we are developing not only technology for antibody pharmaceuticals, but also the fundamental and production technologies necessary to create innovative pharmaceuticals based on cells and genes, which are expected to become next-generation modalities.

FY2021 Major Results

In FY2021, we provided support for antibody manufacturing technologies in the manufacturing division to prepare for future increase in demand for antibodies used in 3ADCs. In addition, we have established antibody production methods for Dxd-ADCs following 3ADCs, and supplied the antibodies for clinical trials as planned. As for proprietary technology development, we have developed manufacturing technology for the practical application of CHO-MK, a new cell line produced in-house with excellent antibody production activity, proliferation speed, and stability in culture, in order to apply this cell line to antibody pharmaceuticals in the future. We have also established manufacturing methods for antibodies to be used in next-generation ADCs and new-concept ADCs that will follow Dxd-ADCs.

In the areas of regenerative medicine and cell therapy, we provided technical support for the commercial production of *Yescarta*® intravenous drip infusion and support for obtaining approval of *Delytact*® injection, which led to the launch and production of our regenerative medicine products. For mRNA vaccines, while promoting the COVID-19 project (*DS-5670*), we explored antigen designs for various mutant strains of the new coronavirus and established a mass production method for mRNA. Furthermore, we established a manufacturing method for adeno-associated virus (AAV) for gene therapy introduced from Ultragenyx Pharmaceutical Inc. in-house, and created the foundation and production technology for next-generation modalities.

Masayuki Yabuta

Head of Biologics Unit

Masayuki Yabuta joined Pharmaceutical Division of Suntory Ltd. in 1985. He was engaged in the research of manufacturing methods and construction of manufacturing facilities for recombinant proteins and peptides, and accumulated experience in the development of manufacturing methods for many biopharmaceuticals. In 2010, he joined Daiichi Sankyo, where he worked in the Pharmaceutical Technology Division and R&D Division before assuming his current position in 2017 with the establishment of the Biologics Unit.

Pharmaceutical Technology Unit

Initiatives for the 5-year Business Plan

The mission of the Pharmaceutical Technology Unit is to leverage advanced pharmaceutical technologies to enhance the value of pharmaceuticals discovered through R&D and deliver them to patients. Over the course of the current 5-year business plan, we aim to maximize value of 3ADCs in parallel with rapid development of Alpha assets by steadily transferring our technologies to a number of CDMOs, ensuring the supply of investigational drugs to each country and region, submitting applications for approval and change control in countries and regions where we are not experienced in, and also designing high quality and user-friendly pharmaceuticals. As part of this effort, we will quickly develop new technologies for various modalities. We will take on the challenge of establishing the pharmaceutical technologies and CMC regulatory strategies needed for a variety of inexperienced modalities such as next-generation antibodies/ADCs, LNP-mRNA, and gene therapy, by fully leveraging the knowledge and experience we have accumulated through small molecule and DXd-ADC development.

Furthermore, in response to globalization of our stakeholders, we will strive to maximize our global organization capability by enhancing individuals' strength (embracing diversity) through developing human resource and improving way of working.

FY2021 Major Results

In the Pharmaceutical Technology Unit, we steadily expanded the number of countries where *Enhertu* is marketed and added production sites to ensure a stable supply. At the same time, we worked to provide a flexible supply of investigational drugs in accordance with clinical plans, established robust commercial manufacturing methods, and transferred technologies to numerous production sites to support the rapid development of *Dato-DXd*, *HER3-DXd*, and Alpha assets. Furthermore, in terms of COVID-19 vaccine response, which has become a pressing social issue, we contributed to improving healthcare both in Japan and abroad by enabling shipments of VAXZEVRIA™ (AstraZeneca's COVID-19 vaccine) to Asia through providing support for the technology transfer to production site in Japan and through supporting CMC regulatory activities. In addition, we advanced the development of production technology for the first Japanese LNP-mRNA vaccine (*DS-5670*) at an unprecedented pace.

Moreover, we have contributed to ESG management by promoting green chemistry and exploring the application of biomass plastic for packaging materials.

Toshi Kajiro

Head of Pharmaceutical Technology Unit

Toshi Kajiro joined Sankyo Co., Ltd. in 1992 and worked in analytical evaluation research for 24 years, focusing on small molecules. She spent two years in the CMC Planning Department, where she was involved in unit operations and strategy development. In 2018, she became Senior Director of research group for biopharmaceuticals under the Analytical & Quality Evaluation Research Laboratories and contributed to obtaining approval for *Enhertu*. She was appointed as Vice President of Analytical & Quality Evaluation Research Laboratories in April 2020, and assumed her current position in April 2022.

Supply Chain Unit

Initiatives for the 5-year Business Plan

Under our 2030 Unit Vision to "contribute to maximizing the value of ADC products and to realize Smart Supply Chain" we are working on the following key challanges. First, we are establishing an optimal supply system for the antibody, bio drug substance, drug formulation, and packaging processes by leveraging our plants and CMOs to ensure a stable supply of ADC products and expand our supply capacity. Then, for new modalities that will follow the ADCs, we will optimize our supply system by selecting commercial manufacturing sites in the development phase, taking into consideration our manufacturing technologies and resources as well as the option of using CMOs.

Meanwhile, as part of our digital transformation initiatives, we are actively introducing digital technologies in supply and demand management, manufacturing, and logistics with the aim of ensuring stable supply, improving quality and productivity, strengthening human resource development, and streamlining business operations. Furthermore, we will strengthen supply chain resilience to enable continuous supply of pharmaceuticals in the event of natural disasters, a pandemic, or other risks that may materialize.

FY2021 Major Results

In addition to ensuring a stable supply of *Enhertu* in line with the market launch and sales progress in each country, we pushed forward with establishing new facilities to meet the future increase in demand and developing a production system for the DXd-ADC family under development. As for new modalities, we also proceeded with preparations for the production of *DS-5670* (mRNA vaccine) at Daiichi Sankyo Biotech with the aim of launching it by the end of 2022.

Meanwhile, in terms of digital transformation initiatives, we created a Digital Transformation Promotion Roadmap for introducing digital technologies into the manufacturing and logistics. In addition, we proceeded with the introduction of a new supply-demand management system that shares production, sales, and inventory information for Enhertu across all countries in real time. Furthermore, in the face of rising raw material prices and production disruptions and delivery delays at suppliers caused by the COVID-19 pandemic, we worked to stabilize procurement while also strengthening our supply chain resilience by multi sourcing and alternative purchasing for raw materials and consumables for manufacturing with high procurement risk.

Hiroto Kashiwase

Head of Supply Chain Unit

Hiroto Kashiwase joined Sankyo Co., Ltd. in 1989 and engaged in exploratory research of antiviral agents for 12 years. After working in corporate strategy and management, he contributed to the merging into Daiichi Sankyo. Following the merger, he worked in the Pharmaceutical Technology Division, managed the US organization, and served as the Head of Pharmaceutical Technology Division before assuming his current position in April 2022.

Quality Assurance & Regulatory Affairs Unit

Initiatives for the 5-year Business Plan

Our oncology business is undergoing rapid expansion with the acceleration of global development of 3ADCs and other products. The Quality Assurance & Regulatory Affairs Unit will steadily implement measures to (1) assure the reliability of many clinical trials to maximize product value by adding new indications, (2) respond to regulatory filings and approvals and assure product quality to expand markets in more countries/regions and supply capacity, and (3) ensure the reliability of the management system for safety information, which is important in the oncology field.

In addition, we will develop a reliability assurance system for our first two regenerative medical products, mRNA vaccines and other new modalities, and extend this further to include DTx (digital therapy) and other diverse healthcare solutions in the future.

As we navigate these changes in the business environment, we will continue to develop measures to foster a quality culture throughout the entire Group, based on our fundamental principle of "Quality First."

FY2021 Major Results

We promoted measures to start production and ensure quality at new manufacturing sites handling 3ADCs as planned. In particular, for *Enhertu*, we completed the requirements for GMP certification in the U.S. and other countries and regions in a timely manner, which contributed secure approvals in these countries. In response to the addition of new manufacturing sites and changes in manufacturing processes, we took appropriate quality assurance measures and meticulously complied with different regulatory requirements in each country and region, contributing to the stable supply of products. In addition, we have implemented measures to comply with GCP regulations in various clinical trials, and have successfully completed the rigorous GCP inspections by the authorities.

With regard to the *Delytact* injection, a regenerative medicine product, we promptly completed the GCTP inspection of the manufacturing site and contributed to the early launch of the product.

In addition, we contributed to the smooth launch of new products by handling GMP inspections and implementing quality assurance measures, and obtained approval for additional drug substance manufacturing sites as planned to ensure a stable global supply of our existing mainstay products.

For existing MAH products in Japan, we actively worked to improve customer satisfaction and achieved a substantial reduction in quality complaints caused by manufacturing process (45% reduction from the previous fiscal year).

Toshinobu Taki

Head of Quality Assurance & Regulatory Affairs Unit

Toshinobu Taki joined the company in 1987 and started his career as a plant quality assurance. After gaining experience in quality assurance for both marketed and investigational medicinal products and in CMC management, he was appointed as the Vice President of Quality Assurance Department in 2017 and the Vice President of Post-Marketing Regulatory Affairs Department in 2019. He assumed his current position in April 2022.

Clinical Safety & Pharmacovigilance Unit

Initiatives for the 5-year Business Plan

A medicinal product must have a high level of quality combined with the provision of appropriate information. Also, even if it is highly effective, no medicinal product comes available without the risk of side effects.

Under the current 5-year business plan, we have been promoting R&D for new modalities, while working on the global expansion of oncology drugs. Along with such initiatives, an increase in the amount of safety information and the diversity and complexity of risk management issues are already occurring.

In the Clinical Safety & Pharmacovigilance Unit, we have set three main targets as part of the 5-year business plan, consisting of establishing high-quality safety risk management, streamlining operational processes, and strengthening global systems and functions.

FY2021 Major Results

In FY2021, the Clinical Safety & Pharmacovigilance Unit worked on the following four targets.

1. Global Risk Management for *Enhertu*

In addition to contributing to the application for approval in each country and region from the safety perspectives and thorough post-marketing risk management, we established and implemented a risk management system to ensure the safe use of *Enhertu* in special treatment programs in Asia countries, where *Enhertu* is not yet approved. Through these activities, we contributed towards expanding access to healthcare for patients.

2. Proactive risk analysis and reinforcement of timely safety measures

By introducing an analytic tool for *Enhertu* that enables easy and comprehensive search and analysis of clinical trial data, we enhanced the analysis function of safety data and enabled timely provision of information.

3. Integrate global process and management of case evaluation

By promoting global integration of the case evaluation process, we have established the foundation for conducting efficient case evaluations.

4. Maintain and strengthen pharmacovigilance infrastructure

We began operating a new global governance system in FY2022.

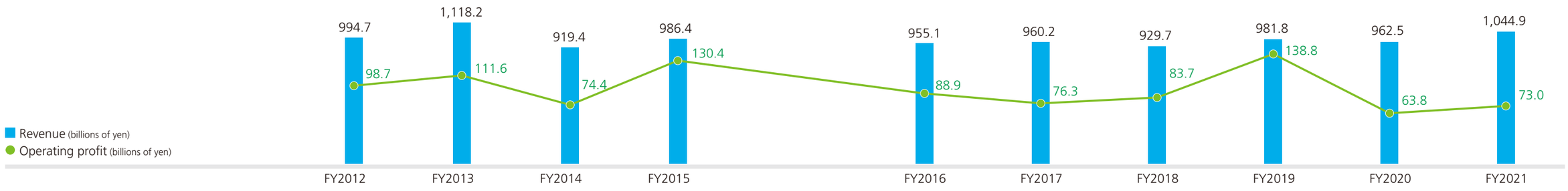
We will continue to execute proactive safety monitoring and risk management to achieve our 5-year business plan and contribute to ensuring patient safety.

Kento Wada

Head of Clinical Safety & Pharmacovigilance Unit

Kento Wada joined Suntory Limited in 1991 and was responsible for works including new drug development, project management in Japan and the U.S., the launch of subsidiary in the U.S., and business planning. After transferring to Daiichi Sankyo in 2010, he was engaged in global clinical safety and pharmacovigilance. He assumed the Head of Clinical Safety & Pharmacovigilance Division in April 2020 after serving as Vice President, Pharmacovigilance Department and Vice President, Post Marketing Study Department.

10-Year Financial Summary



(Billions of yen)

(IFRS)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Financial Results										
Revenue	994.7	1,118.2	919.4	986.4	955.1	960.2	929.7	981.8	962.5	**1,044.9**
Overseas revenue	483.2	584.5	392.4	430.7	375.2	341.9	333.8	374.1	401.8	**486.6**
Ratio of overseas revenue to revenue (%)	48.6	52.3	42.7	43.7	39.3	35.6	35.9	38.1	41.7	**46.6**
Operating profit	98.7	111.6	74.4	130.4	88.9	76.3	83.7	138.8	63.8	**73.0**
Ratio of operating profit to revenue (%)	9.9	10.0	8.1	13.2	9.3	7.9	9.0	14.1	6.6	**7.0**
Profit attributable to owners of the Company	64.0	60.9	322.1	82.3	53.5	60.3	93.4	129.1	76.0	**67.0**
Research and development expenses	184.4	191.2	190.7	208.7	214.3	236.0	203.7	197.5	227.4	**260.2**
Ratio of research and development expenses to revenue (%)	18.5	17.1	20.7	21.2	22.4	24.6	21.9	20.1	23.6	**24.9**
Depreciation and amortization	45.3	51.5	42.0	44.3	47.4	46.7	46.2	52.6	57.4	**58.2**
Capital expenditure	65.1	49.2	36.3	23.3	23.9	26.9	38.3	29.0	40.1	**56.2**
Financial Position										
Total assets	1,684.9	1,854.0	1,982.3	1,900.5	1,915.0	1,897.8	2,088.1	2,105.6	2,085.2	**2,221.4**
Total equity	938.5	1,007.5	1,307.0	1,233.5	1,171.4	1,133.0	1,249.7	1,306.3	1,272.1	**1,350.9**
Cash Flows										
Net increase (decrease) in cash and cash equivalents	(37.8)	(23.7)	(10.7)	45.4	24.4	115.2	(116.7)	186.6	(49.5)	**265.3**
Free cash flows*1	20.4	(124.1)	121.5	168.3	39.4	217.0	(50.5)	278.3	153.0	**351.6**
Per Share Information										
Basic earnings per share (yen)*2	30.32	28.86	152.52	39.79	26.54	30.44	48.07	66.40	39.17	**34.94**
Equity per share attributable to owners of the Company (yen)*2	429.31	464.01	617.43	600.63	591.00	583.11	642.93	671.64	663.85	**704.76**
Annual dividends per share (yen)*3	60	60	60	70	70	70	70	70	27	**27**
Main Financial Indicators										
Return on equity attributable to owners of the Company (ROE) (%)	7.4	6.5	28.2	6.5	4.4	5.2	7.8	10.1	5.9	**5.1**
Ratio of equity attributable to owners of the Company to total assets (%)	53.8	52.9	65.8	64.8	61.4	59.7	59.8	62.0	61.0	**60.8**
Ratio of dividends to equity attributable to owners of the Company (DOE) (%)	4.9	4.5	3.7	3.8	3.9	4.0	3.8	3.5	4.0	**3.9**
Price-earnings ratio (PER)	20.0	20.1	4.2	21.0	31.5	38.6	35.4	37.3	82.3	**76.7**
Stock price at the end of the year (yen)	1,815	1,738	1,907	2,502	2,507	3,526	5,100	7,434	3,225	**2,680**
Market capitalization*4	1,277.7	1,223.5	1,342.6	1,710.2	1,662.7	2,283.7	3,304.2	4,817.7	6,179.6	**5,137.0**
Average exchange rates (USD/JPY)	83.11	100.24	109.94	120.14	108.42	110.86	110.91	108.75	106.06	**112.38**
(EUR/JPY)	107.15	134.38	138.78	132.57	118.84	129.70	128.40	120.83	123.70	**130.56**
Number of Employees	32,229	32,791	16,428	15,249	14,670	14,446	14,887	15,348	16,033	**16,458**
Japan	9,251	9,145	8,543	8,589	8,648	8,765	8,865	8,754	8,979	**9,135**
North America	3,331	3,402	3,322	2,321	2,464	2,191	2,172	2,380	2,602	**2,706**
Europe	2,556	2,226	2,094	1,997	1,578	1,582	1,778	1,953	2,137	**2,279**
Others	17,091	18,018	2,469	2,342	1,980	1,908	2,072	2,261	2,315	**2,338**

*1 Cash flows from operating activities + Cash flows from investing activities
*2 Effective October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. "Basic earnings per share" and "Equity per share attributable to owners of the Company" are calculated on the assumption that the share split had been implemented the beginning of FY2011.
*3 "Annual dividends per share" of 27 yen (interim dividend of 13.5 yen and year-end dividend of 13.5 yen) is stated on the assumption that the share split had been implemented at the beginning of FY2020.
*4 Market capitalization is calculated excluding treasury stocks.

Consolidated Financial Statements

IFRS

Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Revenue	962,516	1,044,892
Cost of sales	338,289	353,328
Gross profit	624,227	691,563
Selling, general and administrative expenses	333,079	358,309
Research and development expenses	227,353	260,228
Operating profit	63,795	73,025
Financial income	12,916	6,114
Financial expenses	2,755	5,753
Share of profit (loss) of investments accounted for using the equity method	168	129
Profit before tax	74,124	73,516
Income taxes	(1,705)	6,543
Profit for the year	75,830	66,972
Profit attributable to:		
Owners of the Company	75,958	66,972
Non-controlling interests	(127)	—
Profit for the year	75,830	66,972
Earnings per share		
Basic earnings per share (yen)	39.17	34.94
Diluted earnings per share (yen)	39.11	34.91

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Profit for the year	75,830	66,972
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	12,499	(4,590)
Remeasurements of defined benefit plans	7,847	5,831
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	18,805	62,078
Other comprehensive income (loss) for the year	39,151	63,319
Total comprehensive income for the year	114,982	130,292
Total comprehensive income attributable to:		
Owners of the Company	115,110	130,292
Non-controlling interests	(127)	—
Total comprehensive income for the year	114,982	130,292

Consolidated Statement of Financial Position

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and cash equivalents	380,547	662,477
Trade and other receivables	232,036	266,675
Other financial assets	444,368	181,368
Inventories	200,860	217,910
Other current assets	10,607	16,838
Total current assets	1,268,420	1,345,271
Non-current assets		
Property, plant and equipment	265,281	304,070
Goodwill	77,706	83,555
Intangible assets	172,822	163,884
Investments accounted for using the equity method	1,440	1,425
Other financial assets	139,991	131,509
Deferred tax assets	128,525	138,173
Other non-current assets	30,990	53,513
Total non-current assets	816,757	876,131
Total assets	2,085,178	2,221,402

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	297,499	324,784
Bonds and borrowings	20,391	20,394
Other financial liabilities	9,359	10,766
Income taxes payable	6,096	6,910
Provisions	6,051	6,795
Other current liabilities	14,173	25,616
Total current liabilities	353,571	395,268
Non-current liabilities		
Bonds and borrowings	163,441	143,067
Other financial liabilities	36,983	42,615
Post-employment benefit liabilities	3,929	2,624
Provisions	8,741	18,290
Deferred tax liabilities	17,516	12,444
Other non-current liabilities	228,941	256,219
Total non-current liabilities	459,553	475,262
Total liabilities	813,125	870,530
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,494	—
Treasury shares	(261,252)	(37,482)
Other components of equity	111,479	168,147
Retained earnings	1,277,332	1,170,208
Total equity attributable to owners of the Company	1,272,053	1,350,872
Total equity	1,272,053	1,350,872
Total liabilities and equity	2,085,178	2,221,402

Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2020	50,000	94,633	(162,519)	1,611	51,218	29,264
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	18,805	12,499
Total comprehensive income (loss) for the year	—	—	—	—	18,805	12,499
Purchase of treasury shares	—	(138)	(100,054)	—	—	—
Disposal of treasury shares	—	—	1,320	(572)	—	—
Dividends	—	—	—	—	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(1,347)
Total transactions with owners of the Company	—	(138)	(98,733)	(572)	—	(1,347)
Balance as of April 1, 2021	50,000	94,494	(261,252)	1,038	70,024	40,416
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	62,078	(4,590)
Total comprehensive income (loss) for the year	—	—	—	—	62,078	(4,590)
Purchase of treasury shares	—	—	(15)	—	—	—
Disposal of treasury shares	—	—	776	(216)	—	—
Cancellation of treasury shares	—	(94,494)	223,009	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(604)
Total transactions with owners of the Company	—	(94,494)	223,770	(216)	—	(604)
Balance as of March 31, 2022	50,000	—	(37,482)	822	132,103	35,221

(Millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity					
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2020	—	82,094	1,241,600	1,305,809	464	1,306,274
Profit for the year	—	—	75,958	75,958	(127)	75,830
Other comprehensive income (loss) for the year	7,847	39,151	—	39,151	—	39,151
Total comprehensive income (loss) for the year	7,847	39,151	75,958	115,110	(127)	114,982
Purchase of treasury shares	—	—	—	(100,192)	—	(100,192)
Disposal of treasury shares	—	(572)	(474)	273	—	273
Dividends	—	—	(48,946)	(48,946)	—	(48,946)
Changes associated with losing control of subsidiaries	—	—	—	—	(336)	(336)
Transfer from other components of equity to retained earnings	(7,847)	(9,194)	9,194	—	—	—
Total transactions with owners of the Company	(7,847)	(9,767)	(40,226)	(148,866)	(336)	(149,203)
Balance as of April 1, 2021	—	111,479	1,277,332	1,272,053	—	1,272,053
Profit for the year	—	—	66,972	66,972	—	66,972
Other comprehensive income (loss) for the year	5,831	63,319	—	63,319	—	63,319
Total comprehensive income (loss) for the year	5,831	63,319	66,972	130,292	—	130,292
Purchase of treasury shares	—	—	—	(15)	—	(15)
Disposal of treasury shares	—	(216)	(274)	285	—	285
Cancellation of treasury shares	—	—	(128,514)	—	—	—
Dividends	—	—	(51,744)	(51,744)	—	(51,744)
Transfer from other components of equity to retained earnings	(5,831)	(6,435)	6,435	—	—	—
Total transactions with owners of the Company	(5,831)	(6,652)	(174,096)	(51,473)	—	(51,473)
Balance as of March 31, 2022	—	168,147	1,170,208	1,350,872	—	1,350,872

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Cash flows from operating activities		
Profit before tax	74,124	73,516
Depreciation and amortization	57,382	58,245
Impairment loss	607	10,446
Financial income	(12,916)	(6,114)
Financial expenses	2,755	5,753
Share of (profit) loss of investments accounted for using the equity method	(168)	(129)
(Gain) loss on sale and disposal of non-current assets	829	(2,700)
(Increase) decrease in trade and other receivables	83,093	(19,060)
(Increase) decrease in inventories	(21,222)	(603)
Increase (decrease) in trade and other payables	23,882	13,290
Others, net	7,315	28,107
Subtotal	215,683	160,750
Interest and dividends received	2,889	2,836
Interest paid	(1,839)	(1,779)
Income taxes paid	(24,525)	(22,580)
Net cash flows from (used in) operating activities	192,207	139,226
Cash flows from investing activities		
Payments into time deposits	(568,192)	(180,675)
Proceeds from maturities of time deposits	746,544	316,820
Acquisition of securities	(352,431)	(328,952)
Proceeds from sale and redemption of securities	203,043	476,150
Acquisitions of property, plant and equipment	(31,245)	(62,736)
Proceeds from sale of property, plant and equipment	33	5,260
Acquisition of intangible assets	(32,848)	(13,946)
Acquisition of subsidiaries	(4,401)	—
Payments for loans receivable	(24)	—
Proceeds from collection of loans receivable	725	379
Others, net	(449)	40
Net cash flows from (used in) investing activities	(39,246)	212,339
Cash flows from financing activities		
Repayments of bonds and borrowings	(40,389)	(20,391)
Purchase of treasury shares	(100,192)	(15)
Proceeds from sale of treasury shares	2	0
Dividends paid	(48,946)	(51,730)
Repayments of lease liabilities	(12,907)	(14,095)
Others, net	0	0
Net cash flows from (used in) financing activities	(202,433)	(86,231)
Net increase (decrease) in cash and cash equivalents	(49,471)	265,334
Cash and cash equivalents at the beginning of the year	424,184	380,547
Effect of exchange rate change on cash and cash equivalents	5,834	16,595
Cash and cash equivalents at the end of the year	380,547	662,477

Financial Results and Financial Analysis

Consolidated Financial Results for FY2021

Consolidated financial results

(Billions of yen)

	FY2020 results	FY2021 results	YoY	
Revenue	962.5	1,044.9	82.4	(+8.6%)
Cost of sales	337.8	348.0	10.3	
Selling, general, and administrative (SG&A) expenses	318.5	352.1	33.7	
Research and development (R&D) expenses	227.4	254.1	26.7	
Core operating profit*	78.9	90.6	11.8	(+14.9%)
Operating profit	63.8	73.0	9.2	(+14.5%)
Profit before tax	74.1	73.5	–0.6	(–0.8%)
Profit attributable to owners of the Company	76.0	67.0	–9.0	(–11.8%)

Yen exchange rates for major currencies (annual average rate)

	FY2020 results	FY2021 results	YoY
USD/JPY	106.06	112.38	+6.32
EUR/JPY	123.70	130.56	+6.86

* Starting in FY2021, the Group is disclosing core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary profitability. Temporary income and expenses include gains/losses on sale of non-current assets, gains/losses associated with business restructuring (excluding gains/losses on sales of developed products and products on the market), impairment losses on property, plant and equipment, intangible assets, and goodwill, compensation for damages or settlement, and non-recurring and large gains/losses.

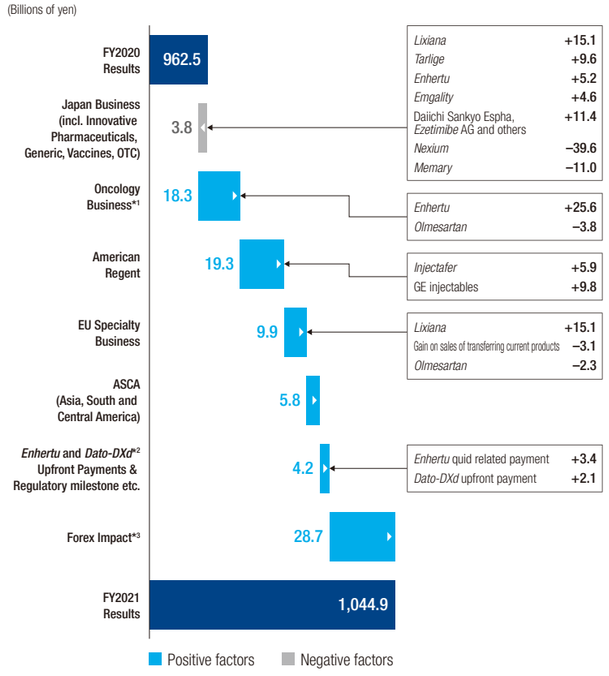
1. Revenue

Consolidated revenue in FY2021 increased by ¥82.4 billion, or 8.6% year on year, to ¥1,044.9 billion.

The foreign exchange impact placed upward pressure on revenue to the extent of ¥28.7 billion. When the impact is excluded, the increase in revenue was ¥53.7 billion.

Revenue

Increased by ¥82.4 billion (increased by ¥53.7 billion excl. forex impact)



*1 Revenue for Daiichi Sankyo, Inc. and Daiichi Sankyo Europe's oncology products
*2 *Dato-DXd: Datopotamab deruxtecan (DS-1062)*
*3 Forex impact USD: +12.7, EUR : +7.2, ASCA: +8.7

Although our Japan Business saw an increase in sales due to the release of *Lixiana*®, *Tarlige*® *and Enhertu*® as well as *Emgality*® in April of 2020 and the contribution of Daiichi Sankyo Espha's products, we also saw decreased revenue due to the end of our cooperative sales promotion of *Nexium*® with AstraZeneca September 2021 and the release of a generic alternative to *Memary*®, which ultimately resulted in an overall revenue decrease of ¥3.8 billion yen.

Regarding our Oncology Business, although the sales of *Olmesartan* decreased, the sales of *Enhertu* increased in the United States and Europe, leading to a revenue increase of ¥18.3 billion.

American Regent saw a revenue increase of ¥19.3 billion due to increased sales of *Injectafer* and generic injectables.

Regarding our EU Specialty Business, although there was a decrease in the gain on sales of transferring existing products as well as the sales of *Olmesartan*, sales of *Lixiana* increased, resulting in an overall revenue increase of ¥9.9 billion.

The amount of revenue for the year recognized for the strategic collaboration between *Enhertu* and *Dato-DXd*, including the upfront payment, amounted to a revenue increase of ¥4.2 billion yen.

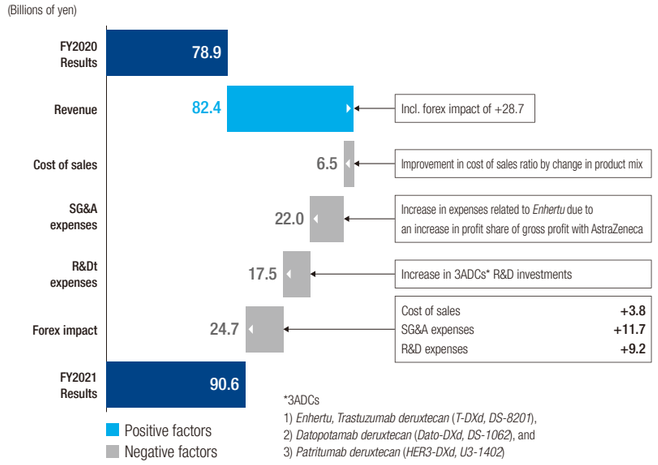
2. Core operating profit

Core operating profit in FY2021 increased by ¥11.8 billion, or 14.9% year on year, to ¥90.6 billion.

The actual increase in operating profit excluding the foreign exchange impact and special items (items having a transitory and material impact on operating profit) was ¥7.9 billion.

Core operating profit

Increased by ¥11.8 billion (increased by ¥7.9 billion excl. forex impact)



Revenue increased by ¥82.4 billion, including a revenue increase of ¥28.7 billion due to the foreign exchange impact.

Cost of sales was limited to an increase of ¥6.5 billion because we improved our cost ratio by changing our product mix, including increasing the sales of *Lixiana*, *Enhertu*, and other products developed in house.

SG&A expenses increased by ¥22.0 billion due to increased profit sharing with AstraZeneca related to *Enhertu* and other factors.

R&D expenses increased by ¥17.5 billion due to increased investment in 3ADCs research and development.

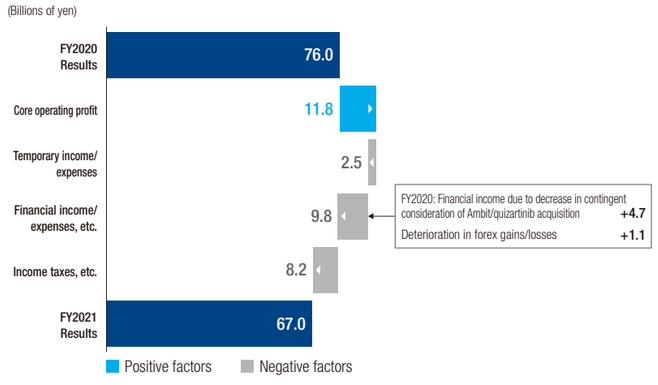
Costs increased by a total of ¥24.7 billion due to the impact of foreign exchange, and the actual increase in our core operating profit excluding this impact was ¥7.9 billion.

3. Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased ¥9.0 billion, or 11.8% year on year, to ¥67.0 billion.

Profit attributable to owners of the Company

Decreased by ¥9.0 billion



Income taxes, etc.

(Billions of yen)

	FY2020 results	FY2021 results	YoY
Profit before tax	74.1	73.5	–0.6
Income taxes, etc.	–1.7	6.5	+8.2
Tax rate	–2.3%	8.9%	+11.2%

Core operating profit increased by ¥11.8 billion. Temporary income/expenses reduced our profit by ¥2.5 billion year on year. In FY2020, we recorded ¥15.6 billion as loss compensation related to the termination of the vaccine business collaboration with Sanofi. In FY2021, although we recorded temporary revenue of ¥3.9 billion due to gains related to sale of fixed assets of Osaka logistics center, we also recorded temporary costs of ¥21.5 billion due in part to the environmental expenditures related to former Yasugawa plant and losses related to closure of Plexxikon, our R&D subsidiary, due to the reorganization of our R&D structure. Financial income/expenses, etc. reduced our profit by ¥9.8 billion year on year due in part to us recording ¥4.7 billion in financial income as a result of a contingent consideration reduction upon acquiring *Quizartinib* during the last fiscal year. Income taxes, etc. increased by ¥8.2 billion year on year in spite of a reduction in the tax rate due to the impact of tax credit for R&D expenses and others.

Financial Position

1. Assets, liabilities, and equity

Assets

Total assets as of the fiscal year-end were ¥2,221.4 billion, an increase of ¥136.2 billion from the previous fiscal year-end, mainly due to increases in cash and cash equivalents and property, plant and equipment, which were partially offset by a decrease in other financial assets (current assets).

Liabilities

Total liabilities as of the fiscal year-end were ¥870.5 billion, an increase of ¥57.4 billion from the previous fiscal year-end, mainly due to increases in trade and other payables and other non-current liabilities, which were partially offset by a decrease in bonds and borrowings (non-current liabilities).

Equity

Total equity as of the fiscal year-end was ¥1,350.9 billion, an increase of ¥78.8 billion from the previous fiscal year-end, mainly because of the profit for the year, which was partially offset by dividend payments.

2. Cash flows

Cash and cash equivalents increased by ¥281.9 billion during the year ended March 31, 2022 to ¥662.5 billion.

Cash flows from operating activities

Cash inflows from operating activities totaled ¥139.2 billion (previous year: ¥192.2 billion inflow), besides profit before tax (¥73.5 billion) and non-cash items such as depreciation and amortization (¥58.2 billion), which mainly reflected cash inflows from the receipt of the upfront fee for the strategic collaboration regarding *Dato-DXd*.

Cash flows from investing activities

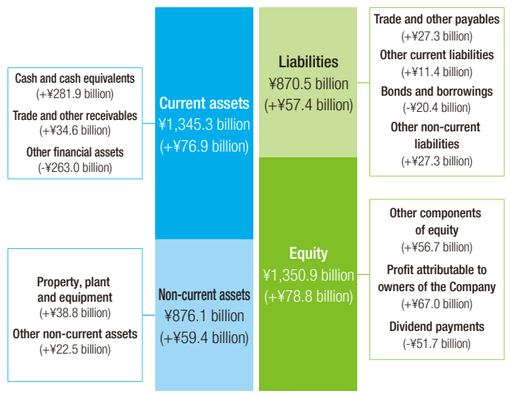
Cash inflows from investing activities totaled ¥212.3 billion (previous year: ¥39.2 billion outflow), mainly due to proceeds from maturities of time deposits, which were partially offset by acquisitions of property, plant and equipment and intangible assets.

Cash flows from financing activities

Cash outflows from financing activities totaled ¥86.2 billion (previous year: ¥202.4 billion outflow), which reflected spending on dividend payments and repayments of borrowings.

Summary of consolidated statement of financial position

As of March 31, 2022: parentheses ( ) indicate comparison to March 31, 2021



3. Capital expenditure

We continuously invest in plants and equipment, aiming to enhance and streamline production facilities as well as strengthen and facilitate research and development. The investment amount for FY2021 was ¥56.2 billion.

(Billions of yen)

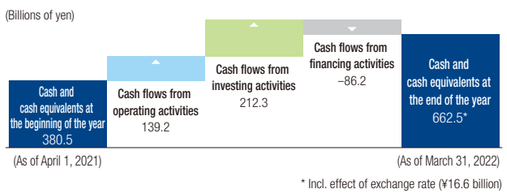
	FY2020 results	FY2021 results	YoY
Capital expenditure	40.1	56.2	16.1
Depreciation (property, plant and equipment)	31.3	33.2	1.9

(Billions of yen)

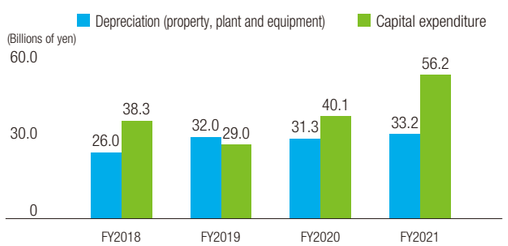
	FY2020 Results	FY2021 Results	YoY
Cash flows from operating activities	192.2	139.2	–53.0
Cash flows from investing activities	–39.2	212.3	251.6
Cash flows from financing activities	–202.4	–86.2	116.2
Net increase in cash and cash equivalents	–49.5	265.3	314.8
Effect of exchange rate change on cash and cash equivalents	5.8	16.6	10.8
Cash and cash equivalents at the end of the year	380.5	662.5	281.9
Free cash flows*	153.0	351.6	198.6

* Free cash flows = cash flows from operating activities + cash flows from investing activities

Summary of consolidated statement of cash flows



* Incl. effect of exchange rate (¥16.6 billion)



Forecast for FY2022

The revenue is expected to increase by ¥105.1 billion year on year to ¥1.150 trillion due to increased sales of our mainstay products, including *Enhertu*, *Lixiana*, and *Tarlige*, in spite of negative factors such as the drug price revision in Japan and the termination of the sales collaboration for *Nexium*.

Core operating profit is expected to increase by ¥14.4 billion year on year to ¥105.0 billion due to an improvement in cost-to-sales ratio as a result of a change in the product mix, an expected increase in profit sharing payments to AstraZeneca due to increased *Enhertu* sales and the expansion of 3ADCs development plan, etc.

Operating profit is expected to be equal to our core operating profit.

Profit attributable to owners of the Company is expected to increase by ¥16.0 billion year on year to ¥83.0 billion due to the fact that the normal level is assumed for FY2022 while, during the previous fiscal year, there were effects from experimental and research cost deductions, and the tax rate was lower than normal.

Forecast of consolidated financial results for FY2022

(Billions of yen)

	FY2021 results	FY2022 forecast	YoY	
Revenue	1,044.9	1,150.0	105.1	(+10.1%)
Core operating profit	90.6	105.0	14.4	(+15.9%)
Operating profit	73.0	105.0	32.0	(+43.8%)
Profit before tax	73.5	105.0	31.5	(+42.8%)
Profit attributable to owners of the Company	67.0	83.0	16.0	(+23.9%)

Yen exchange rates for major currencies (annual average rate)

	FY2021 results	FY2022 forecast
USD/JPY	112.38	130.00
EUR/JPY	130.56	140.00

Shareholder Returns

In order to achieve sustainable growth in corporate value, the basic management policy determines profit distributions by comprehensively evaluating essential investments for strategic growth and profit returns to shareholders.

In line with the shareholder return policy in our current 5-year business plan, in addition to maintaining ordinary dividends of ¥27 per share, we will increase dividend according to our profit growth or flexibly purchase treasury shares to further enhance shareholder returns.

We will also adopt a dividend on equity (DOE) ratio based on shareholders' equity as a KPI to help ensure stable shareholder returns.

Our target is a DOE ratio of 8% or more in FY2025 exceeding the cost of shareholders' equity to maximize shareholder value. In FY2021, our total dividend amounted to ¥27 per share (after the share split), including interim dividends of ¥13.5 per share and year-end dividend of ¥13.5 per share.

Our DOE ratio for the year was 3.9%, and we will continue to aim for a DOE ratio of 8% or more in FY2025.

For FY2022, based on the shareholder return policy of the current 5-year business plan, we intend to pay an annual dividend of ¥27 (on a post-split basis) per share.

Major Products

Japan Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					489.5	**0.4**
Emgality	*(galcanezumab)*	Prophylaxis of migraine attacks	2021	Humanized CGRP monoclonal antibody. It binds specifically to calcitonin gene-related peptide (CGRP), which is considered to be associated with migraine, and thereby inhibits migraine attacks.	4.6	4.6
Enhertu	*(trastuzumab deruxtecan)*	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	9.6	5.2
Tarlige	*(mirogabalin)*	Pain treatment	2019	An $\alpha 2\delta$ ligand. The pain therapy agent to reduce the neurotransmitter release from nerve terminals.	30.1	9.6
Canalia	*(teneligliptin / canagliflozin)*	Type 2 diabetes mellitus treatment	2017	A first combination drug of the DPP-4 inhibitor teneligliptin and the SGLT2 inhibitor *canagliflozin* approved in Japan, which demonstrates blood glucose-lowering activity through a complementary pharmacological effect.	16.8	1.4
Vimpat	*(lacosamide)*	Anti-epileptic agent	2016	Sodium channel blocker. Suppresses the excessive excitation of nerves in the brain, and reduces the occurrence of epileptic seizures.	18.3	3.7
Efient	*(prasugrel)*	Antiplatelet agent	2014	ADP receptor inhibitor. Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion due to thrombosis.	16.7	2.7
Pralia	*(denosumab)*	Treatment for osteoporosis / inhibitor for rheumatoid arthritis-induced progression of bone erosion	2013	Human monoclonal anti-RANKL antibody. Subcutaneous formulation which controls bone resorption and bone destruction by specifically inhibiting RANKL.	37.9	3.3
Tenelia	*(teneligliptin)*	Type 2 diabetes mellitus treatment	2012	DPP-4 inhibitor. The agent facilitates glucose-dependent insulin release and inhibits glucagon release, thereby demonstrating the blood glucose-lowering activity.	23.7	-0.6
Ranmark	*(denosumab)*	Treatment for bone disorders caused by bone metastases from tumors	2012	Human monoclonal anti-RANKL antibody. This controls abnormal bone destruction caused by osteoclasts, and reduces the occurrence of fractures and other skeletal related events (SRE). Approved for the indication of giant cell tumors of bone in 2014 and was designated as an orphan drug.	20.4	1.1
Lixiana	*(edoxaban)*	Anticoagulant	2011	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	92.5	15.1
Inavir	*(laninamivir)*	Anti-influenza treatment	2010	Neuraminidase inhibitor that inhibits influenza viral proliferation. Treatment is completed with a single inhaled dosage.	1.3	-2.3
Rezaltas	*(olmesartan)*	Antihypertensive agent	2010	A combination drug of two antihypertensive agents: an angiotensin II receptor blocker, *olmesartan medoxomil*, and a calcium ion antagonist, *azelnidipine*. This combination demonstrates the effect of decreasing blood pressure through a complementary pharmacological effect.	12.0	-1.1
Loxonin	*(loxoprofen)*	Anti-inflammatory analgesic	1986	Nonsteroidal anti-inflammatory analgesic. Suppresses the production of prostaglandin associated with inflammation, and thereby demonstrates an analgesic effect. Also available as transdermal agents (poultice, gel, tape).	22.2	-2.0
(Daiichi Sankyo Espha products)					**82.8**	**11.4**
(Vaccines business)					**14.8**	**-3.7**

Japan Business Unit (Daiichi Sankyo Espha products)

Brand Name	Efficacy
Olmesartan	Antihypertensive agent
Memantine OD	Alzheimer's disease treatment
Gefitinib	Treatment for malignant tumors
Bicalutamide	Prostate cancer treatment
Tamoxifen	Anti-breast cancer agent

Japan Business Unit (Vaccines business)

Brand Name
Influenza HA Vaccine
Live Attenuated Measles-Rubella Combined Vaccine
Live Attenuated Mumps Vaccine
H5N1 Influenza Vaccines

Enhertu

Lixiana

Oncology Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					69.6	**22.2**
Enhertu	*(trastuzumab deruxtecan)*	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	54.4	28.7
TURALIO	*(pexidartinib)*	Treatment for symptomatic tenosynovial giant cell tumor (TGCT)	2019	*TURALIO* is an oral small molecule that inhibits CSF1R (colony stimulating factor-1 receptor), which is a primary growth driver of abnormal cells in the synovium that cause TGCT.	2.8	1.0

American Regent Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					149.5	**27.7**
Injectafer	*(ferric carboxymaltose injection)*	Iron deficiency anemia treatment	2013	Effective for patients who have intolerance to oral iron or have had unsatisfactory response to oral iron, or who have non-dialysis-dependent chronic kidney disease	53.1	8.9
Venofer	*(iron sucrose injection)*	Iron deficiency anemia treatment	2000	Iron replacement product. Effective for treatment of iron deficiency anemia in dialysis patients, etc.	33.8	4.9

EU Specialty Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					128.2	**16.6**
Nilemdo / Nustendi	*(bempedoic acid or combination tablet of bempedoic acid and ezetimibe)*	Cholesterol-lowering treatment	2020	Bempedoic acid is an oral treatment which lowers cholesterol. It inhibits ATP Citrate Lyase, an enzyme which is involved in the production of cholesterol in the liver. Bempedoic acid/ezetimibe reduces absorption of dietary cholesterol in the gut; it is an oral treatment which combines two complementary ways of reducing blood cholesterol levels.	3.1	2.6
Lixiana	*(edoxaban)*	Anticoagulant	2015	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	96.9	20.2
Olmetec Plus	*(olmesartan)*	Antihypertensive agent	2005	*Olmetec Plus:* A combination drug of *olmesartan medoxomil and hydrochlorothiazide* (diuretic)	20.3	-1.2
Sevikar			2009	*Sevikar:* A combination drug of *olmesartan medoxomil and amlodipine besylate* (calcium channel blocker)		
Sevikar HCT			2010	*Sevikar HCT:* A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and *amlodipine besylate*		
Olmetec			2002	*Olmetec:* Olmesartan		

ASCA Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					114.1	**14.5**
Enhertu	*(trastuzumab deruxtecan)*	Anti-cancer agent (HER2 directed antibody drug conjugate)	2022	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	1.4	1.4
Lixiana	*(edoxaban)*	Anticoagulant	2016	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	14.3	5.4

Daiichi Sankyo Healthcare Unit

Brand Name	Efficacy	Revenue (Billions of yen)	
		FY2021 results	YoY
		64.7	**-2.5**
Lulu	Combination cold remedy		
Loxonin S	Antipyretic analgesic / topical anti-inflammatory analgesic		
Transino	Melasma improvement / treatment against spots and freckles		
Minon	Skincare		
Breath Labo	Oral care		
Clean Dental	Oral care		

Lulu

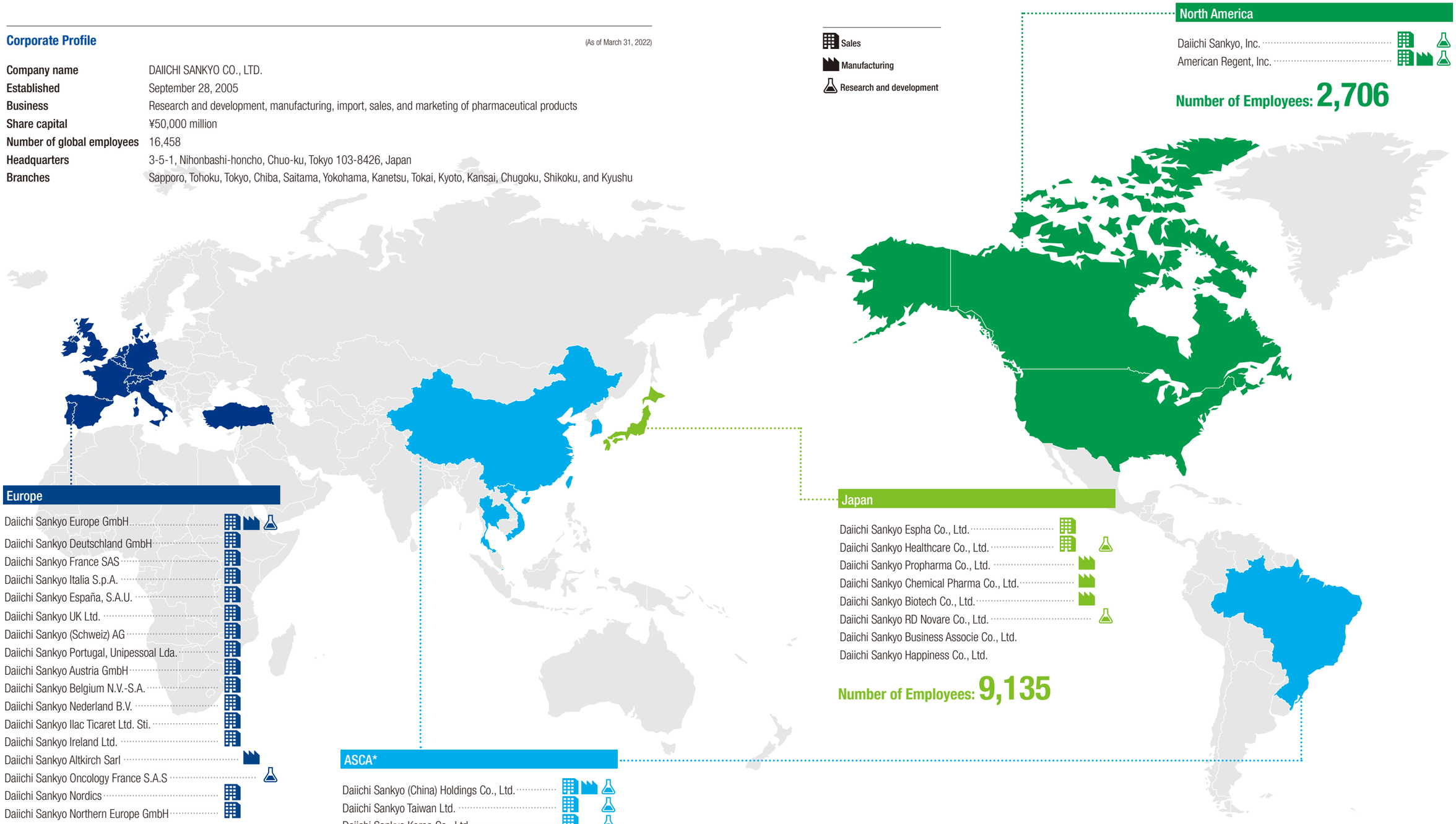
Minon

Corporate Profile / Main Group Companies

Corporate Profile

(As of March 31, 2022)

Company name	DAIICHI SANKYO CO., LTD.
Established	September 28, 2005
Business	Research and development, manufacturing, import, sales, and marketing of pharmaceutical products
Share capital	¥50,000 million
Number of global employees	16,458
Headquarters	3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan
Branches	Sapporo, Tohoku, Tokyo, Chiba, Saitama, Yokohama, Kanetsu, Tokai, Kyoto, Kansai, Chugoku, Shikoku, and Kyushu



Sales
Manufacturing
Research and development

North America

Daiichi Sankyo, Inc.
American Regent, Inc.

Number of Employees: 2,706

Europe

Daiichi Sankyo Europe GmbH
Daiichi Sankyo Deutschland GmbH
Daiichi Sankyo France SAS
Daiichi Sankyo Italia S.p.A.
Daiichi Sankyo España, S.A.U.
Daiichi Sankyo UK Ltd.
Daiichi Sankyo (Schweiz) AG
Daiichi Sankyo Portugal, Unipessoal Lda.
Daiichi Sankyo Austria GmbH
Daiichi Sankyo Belgium N.V.-S.A.
Daiichi Sankyo Nederland B.V.
Daiichi Sankyo Ilac Ticaret Ltd. Sti.
Daiichi Sankyo Ireland Ltd.
Daiichi Sankyo Altkirch Sarl
Daiichi Sankyo Oncology France S.A.S
Daiichi Sankyo Nordics
Daiichi Sankyo Northern Europe GmbH

Number of Employees : 2,279

Japan

Daiichi Sankyo Espha Co., Ltd.
Daiichi Sankyo Healthcare Co., Ltd.
Daiichi Sankyo Propharma Co., Ltd.
Daiichi Sankyo Chemical Pharma Co., Ltd.
Daiichi Sankyo Biotech Co., Ltd.
Daiichi Sankyo RD Novare Co., Ltd.
Daiichi Sankyo Business Associe Co., Ltd.
Daiichi Sankyo Happiness Co., Ltd.

Number of Employees: 9,135

ASCA*

Daiichi Sankyo (China) Holdings Co., Ltd.
Daiichi Sankyo Taiwan Ltd.
Daiichi Sankyo Korea Co., Ltd.
Daiichi Sankyo (Thailand) Ltd.
Daiichi Sankyo Vietnam Co., Ltd.
Daiichi Sankyo Hong Kong Ltd.
Daiichi Sankyo Brasil Farmaceutica LTDA.

* Asia, South & Central America

Number of Employees: 2,338

Number of Bases

(As of April 1, 2022)

Group companies	Number of countries/regions with bases	R&D bases	Production bases
52	26	17 bases in 10 countries/regions	13 bases in 6 countries/regions

ESG (Environmental, Social, and Governance) Data

Environmental

Promoting Environmental Management

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
CO_2	CO_2 emissions		In Japan	t-CO_2	152,486	130,572	☑ 143,774
			Global	t-CO_2	207,035	182,865	☑ 191,399
	CO_2 emissions by Greenhouse Gas Protocol	Scope 1*2	In Japan	t-CO_2	78,597	69,103	☑ 68,736
			Global	t-CO_2	100,411	86,785	☑ 88,249
		Scope 2*2	In Japan	t-CO_2	73,889	61,468	☑ 75,038
			Global	t-CO_2	106,624	96,080	☑ 103,150
		Scope 3, category 1	In Japan	t-CO_2	612,885	609,954	☑ 513,874
Energy*3*5	Total energy used*4		In Japan	1,000GJ	2,967	2,658	☑ 2,818
			Global	1,000GJ	3,853	3,710	☑ 3,903
	Electricity*5		Global	1,000GJ	2,040	1,976	2,034
	Renewable electricity		Global	1,000GJ	—	161	210
	Renewable electricity utilization rate*5		Global	%	—	7.5	☑ 9.4
Water resources	Water consumed		Global (Factories and research laboratories)	1,000m^3	9,356	8,395	☑ 8,486
	Water discharged		Global (Factories and research laboratories)	1,000m^3	9,111	8,113	☑ 8,464
Waste	Total amount of industrial waste, etc. discharged (outsourced waste treatment)		Global (Factories and research laboratories)	t	12,366	11,890	☑ 9,998
	Waste plastic recycling rate*6		Global (Factories and research laboratories)	%	—	—	☑ 59.3
	Disposal of hazardous waste*6		Global (Factories and research laboratories)	t	—	—	☑ 4,350

☑ Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

Social

Mutual Growth of Employees and the Company

Aspect	Classification	Item			Scope*1	Unit	FY2019	FY2020	FY2021
Employees	Employee data*7	Number of employees by region			In Japan	Persons	8,754	8,979	☑ 9,135
					Outside Japan	Persons	6,594	7,054	☑ 7,323
					Global	Persons	15,348	16,033	☑ 16,458
		Number of male employees			In Japan	Persons	6,608	6,683	☑ 6,753
					Outside Japan	Persons	3,232	3,410	☑ 3,504
					Global	Persons	9,840	10,093	☑ 10,257
		Number of female employees			In Japan	Persons	2,146	2,296	☑ 2,382
					Outside Japan	Persons	3,362	3,644	☑ 3,819
					Global	Persons	5,508	5,940	☑ 6,201
		Average years of service	In Japan	Male		Years	20.4	20.9	21.1
				Female		Years	15.2	15.1	15.4
				All		Years	19.1	19.4	19.6
		New employees	In Japan	Male		Persons	218	187	166
				Female		Persons	154	140	136
				All		Persons	372 (non-consolidated: 236)	327 (non-consolidated: 211)	302 (non-consolidated: 155)
			Global	Male		Persons	885	777	769
				Female		Persons	850	749	842
				All		Persons	1,735	1,526	1,611
	Diversity*7	Percentage of female employees	In Japan			%	24.5	25.6	☑ 26.1
			Outside Japan			%	51.0	51.7	☑ 52.2
			Global			%	35.9	37.0	☑ 37.7
		Female employees in managerial positions	In Japan			Persons	213	235	☑ 248
						%	7.3	7.9	☑ 8.4
			Outside Japan			Persons	1,097	1,258	☑ 1,357
						%	49	49	☑ 49
			Global			Persons	1,310	1,493	☑ 1,605
						%	25.3	26.9	☑ 28.1
		Percentage of female in senior managerial employees*8	In Japan			%	1.7	3.7	4.4
			Global			%	22.8	16.3*9	17.9
		Employment rate of people with physical or mental disabilities	In Japan			%	2.33	2.34	☑ 2.35
		Positive response rate (%) on corporate culture & work environment through engagement survey	Global			%	—	—	75
	Human resource development	Amount of training/development investments per employee	Global			Yen	—	96,186	121,065
		Turnover rate (due to personal reasons)	Global			%	5.3	4.1	5.2
		Positive response rate (%) on development & growth opportunities through engagement survey	Global			%	—	—	68

☑ Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

Mutual Growth of Employees and the Company

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Employees	Occupational health and safety	Lost time injuries frequency rate*10	In Japan	—	0.41	0.12	☑ 0.17
			Outside Japan*11	—	2.56	2.09	☑ 2.31
			Global*11	—	1.34	1.01	☑ 1.11
		Number of work-related casualties and injuries	Global	Persons	—	0	☑ 0
	Labor union	Coverage of collective bargaining	In Japan	%	100	100	100
			Global	%	68	82	88

☑ Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

Enhancement of Communication with Stakeholders

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Patients and medical professionals	Evaluation of corporate stance and MR activities	Overall assessment of MRs (all responding physicians)*12	In Japan	Rank	1st	1st	1st
		Overall assessment of MRs (hospital doctors)*12	In Japan	Rank	1st	1st	1st
		Overall assessment of MRs (private-practice physicians)*12	In Japan	Rank	1st	1st	1st
	Number of inquiries received by the product information center from outside the Company (prescription pharmaceutical)		In Japan	Cases	90,000	70,000	70,000

Improving Access to Healthcare

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Social	Number of people who received breast cancer/cervical cancer screening	Aggregate (January to March)	In Nepal	Persons	—	186	1,091
	Number of development projects conducted through the GHIT Fund*13	Aggregate (January to December)	—	Cases	4	6	4

Social Contribution Activities

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Social	Amount of contributions		In Japan	Millions of yen	1,396	1,464	1,356
Employees	Number of employees taking short-term volunteer leave		In Japan	Persons	16	0	11

Governance

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Governance	Structure of Board of Directors	Directors	Non-consolidated	Persons	9	9	9
		Number of outside directors	Non-consolidated	Persons	4	4	4
		Number of female directors	Non-consolidated	Persons	1	1	1
	Structure of Audit & Supervisory Board	Number of Audit & Supervisory Board Members	Non-consolidated	Persons	5	5	5
		Number of Outside Audit & Supervisory Board Members	Non-consolidated	Persons	3	3	3
		Number of Outside Audit & Supervisory Board Members (female)	Non-consolidated	Persons	2	2	2
	Remuneration of Directors	Total	Non-consolidated	Millions of yen	683	547	959
	Remuneration of Audit & Supervisory Board Members	Total	Non-consolidated	Millions of yen	120	120	154

Promoting Compliance Management

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Compliance	Compliance training	Total	In Japan	Persons	593	615	549
	Training on Daiichi Sankyo Group Individual Conduct Principles	Number of employees participating in e-learning and group training	In Japan	Persons	9,070	9,167	9,412
			Outside Japan	Persons	Approx. 3,140	4,813	Approx. 4,270
	Corporate culture through an employee survey*6	Positive response rate	Global	%	—	—	84
	Compliance Data	Number of allegations received	Global	Reports	248	185	157
	GVP*14 compliance training	Ratio of GVP-related employees undergoing training	Non-consolidated	%	100	100	100
		Number of employees undergoing training for all employees	Non-consolidated	Persons	5,822	5,849	5,873
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	92	141	127
	Number of recalls (class I*15)	Number of recalls	Global	Reports	0	0	0

*1 In Japan: Daiichi Sankyo (non-consolidated) and consolidated subsidiaries in Japan. Outside Japan: consolidated overseas subsidiaries. Global: Daiichi Sankyo (non-consolidated) and all its consolidated subsidiaries.
*2 Scope 1: For sites in Japan, the emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used. The emissions from renewable energy and waste incineration are included. For overseas sites, the emission factors stipulated by each country's regulations are generally used. If the specific factors are not available, the emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used. Scope 2: Generally, the emission factors are determined by the power contract or each country's regulations. If the specific factors are not available, the latest factors (as of 2019) published by the International Energy Agency (IEA) are used instead. The emissions from renewable energy are included.
*3 The unit calorific values defined by the Act on the Rational Use of Energy are used to calculate the energy consumption of electricity and fuel.
*4 Including renewable energy purchased externally and renewable energy used for on site power generation.
*5 Starting in FY2020, the indicated values are divided between renewable energy derivatives and non-renewable energy derivatives.
*6 Indicated starting in FY2021
*7 The number of employees as of the settlement date of each Group company (as of March 31, 2022, for FY2021)
*8 Percentage of women who are in positions equivalent to division heads or higher positions
*9 The definition of senior managerial employees in Group companies has been changed since FY2020.
*10 Number of work-related deaths and injuries ÷ total number of hours actually worked × 1,000,000 The number of work-related deaths and injuries is calculated by counting the number of cases that involved at least a day of leave.
*11 The overseas and global frequency rates for FY2019 to FY2020 were revised based on the revised total number of hours worked overseas.
*12 Conducted by ANTERIO Inc. (FY2019–FY2021)
*13 Global Health Innovative Technology Fund
*14 Good Vigilance Practice: Standard for post-marketing safety control of pharmaceuticals, quasi-pharmaceutical products, cosmetics, and medical devices
*15 A situation where there is a reasonable probability that the use of or exposure to the product will severely affect the health or cause death

The Company updates its corporate website with other ESG data.
https://www.daiichisankyo.com/sustainability/performance-reports/esg/

Independent Assurance Report for Environmental and Social Indicators

Independent Assurance Report

To the President and CEO of Daiichi Sankyo Co., Ltd.

We were engaged by Daiichi Sankyo Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☑ (the "Indicators") for the period from April 1, 2021 to March 31, 2022 included in its Value Report 2022 (the "Report") for the fiscal year ended March 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Odawara plant of Daiichi Sankyo Chemical Pharma Co., Ltd. selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
October 28,2022

Inclusion in ESG Indices in Reflection of External CSR and ESG Evaluations

Our ongoing efforts to address sustainability issues have been highly appreciated, resulting in the Group being selected for the following ESG indices as of September 2022.

Selected for the "World Index" in the pharmaceutical sector for five consecutive years

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Items that received the highest appraisal in the pharmaceutical sector	
Economic aspects	• Marketing Practice
Environmental aspects	• Environmental Reporting • Environmental Policy & Management System
Social aspects	• Social Reporting

The Dow Jones Sustainability Indices (DJSI), managed by S&P Global are ESG indices evaluating the sustainability of a company and provides important criterion for investors to select investment targets. The Company has been included in the DJSI World Index for five consecutive years from 2017 and the DJSI Asia/Pacific for twelve consecutive years from 2010. Specifically, the Company was recognized for its strong performance in the areas of Marketing Practice, Environmental Reporting, Environmental Policy & Management System and Social Reporting.

Selected consecutively for fourteen years/six years

FTSE4Good | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index

The FTSE4Good Index Series and the FTSE Blossom Japan Index are indices that reflect the performance of corporations that excel in environmental, society, and governance (ESG) factors, established by FTSE Russell, a global index provider and wholly-owned subsidiary of the London Stock Exchange.
The Company has been selected for fourteen consecutive years from 2009 as a component of the FTSE4Good Global Index and for six consecutive years from 2017 as a component of the FTSE Blossom Japan Index. Also, we have been selected as a constituent of the FTSE Blossom Japan Sector Relative Index (launched in March 2022), a selective ESG index evaluated from three perspectives: FTSE Russell's ESG rating, carbon emission intensity (greenhouse gas emissions based on sales volume), and a company's management policy of climate change risks and opportunities. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daiichi Sankyo Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell confirms that Daiichi Sankyo Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Selected consecutively for five years

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women (WIN) Select Index is an index of MSCI in the U.S. that assesses gender diversity in corporations such as the percentage of females among new recruits, employees, average work years and the percentage of female executives, and comprises corporations that excel in these factors. The Company has been included in this index for five consecutive years from 2018. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

Selected consecutively for four years

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

The MSCI Japan ESG Select Leaders Index is an index of MSCI in the U.S. that comprises corporations among corporations included in the MSCI Japan IMI Top 700 Index that are highly assessed in ESG (environment, society, and governance) evaluations. The Company has been included in this index for four consecutive years from 2019. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

THE INCLUSION OF DAIICHI SANKYO CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF DAIICHI SANKYO CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Selected consecutively for seven years

2022 Sompo Sustainability Index

The SOMPO Sustainability Index, independently managed by SOMPO Asset Management Inc., is an index for pension funds and institutional investors that invest broadly in companies with high ESG (environmental, social and governance) ratings. Approximately 300 companies are selected each year, and we have been selected for seven consecutive years.

(As of September 2022)

Shareholders' Information

Common Stock (As of March 31, 2022)

Number of shares authorized	8,400,000,000
Number of shares issued	1,947,034,029
	(including30,247,523 treasury shares)
	* Treasury shares as of April 15, 2021 180,000,000 shares were retired.
Number of shareholders	106,373

Share Registrar

Mitsubishi UFJ Trust and Banking Corporation

Mailing address and telephone number:

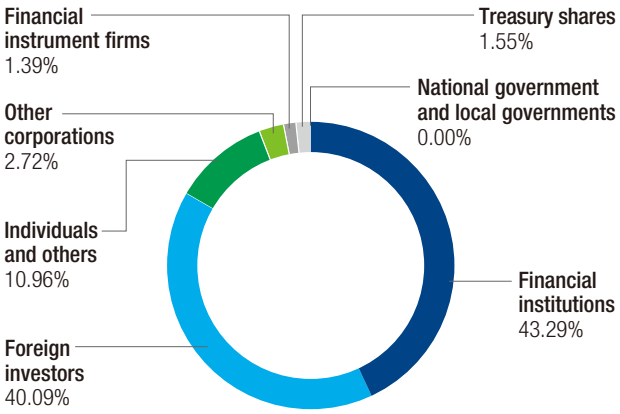
Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division
Shin-TOKYO Post Office post office box No.29, 137-8081, Japan
Tel: 0120-232-711 (toll free within Japan)

Major Shareholders (As of March 31, 2022)

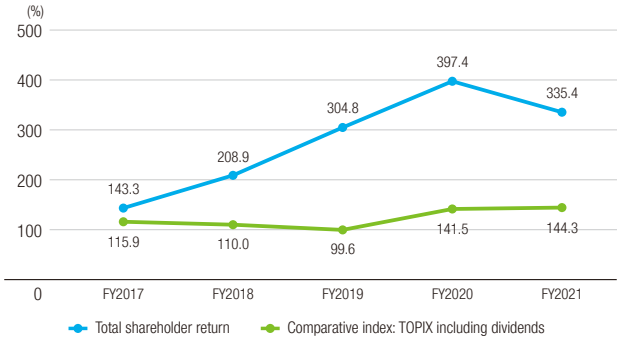
Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	339,508	17.71
Custody Bank of Japan, Ltd. (trust account)	158,722	8.28
JP MORGAN CHASE BANK 385632	134,325	7.01
Nippon Life Insurance Company	85,863	4.48
STATE STREET BANK AND TRUST COMPANY 505001	49,650	2.59
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	43,208	2.25
SSBTC CLIENT OMNIBUS ACCOUNT	36,731	1.92
The Shizuoka Bank, Ltd.	32,922	1.72
STATE STREET BANK WEST CLIENT - TREATY 505234	30,811	1.61
JP MORGAN CHASE BANK 385781	24,722	1.29

Notes: 1. The Company held 30,247,523 treasury shares as of March 31, 2022, which are excluded from the above list.
2. Treasury shares are not included in the computing of equity stake.

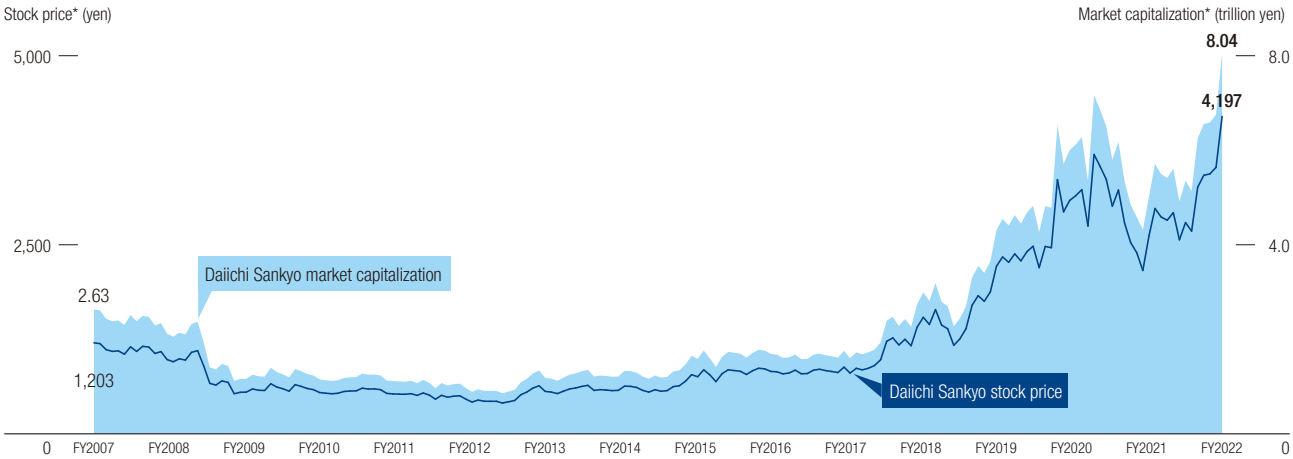
Distribution of Shareholders (As of March 31, 2022)



Trends in Total Shareholder Return



Market Capitalization and Changes in Stock Price



* Stock prices and market capitalization are based on closing price at the end of month from March 2007 to August 2022. Stock price is post-share split base (Effective October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares). Market capitalization is calculated excluding treasury stocks.