Daiichi Sankyo’s Challenge to Realize the 2030 Vision
~ Providing new value for a changing society ~

We are taking up the challenge of evolving as a Group toward realizing our 2030 Vision and growing sustainably beyond 2030.

In this special feature, we explain how we are addressing the three primary challenges that the Daiichi Sankyo Group is tackling to create new value in light of changes in society.

Daiichi Sankyo’s Challenge to Realize the 2030 Vision
~ Providing new value for a changing society ~

We are creating new value unique to our Group and our vision of providing healthcare services beyond pharmaceutical therapies. These include health promotion to disease prevention to palliative care, to provide optimal services tailored to each individual’s Life Journey.

We understand the challenges associated with the globalization of our business, including building a global structure. Our organization must allow for timely and accurate decision-making, more sophisticated and efficient management, and strong global talents based on fostering the One DS Culture.

In this section, we describe how we are strengthening our foundation to address these major challenges Group-wide.

We introduce our transformation initiatives aimed at further bolstering our Science & Technology (S&T) strengths, the driving force of our value creation, under the categories of human resources, technology, and organization.

### DS initiatives to address the CHALLENGES

**Transformation to boost strengths in Science & Technology**

- Strengthening Talents
- Deepening DX Technology
- Advancing Organization

P27

In this section, we describe how we are strengthening our foundation to address these major challenges Group-wide.

- **CHALLENGE 01**
  - Identify and build pillars and actions for further growth
  - P23

  Our long-term growth objective is to become a global top 10 oncology company. To meet this goal, we are progressing our pipeline and pursuing the R&D strategy based on the “5DX-ADCs and Next Wave” strategy to maximize the value of five DX-ADCs and continuously create innovative pharmaceuticals.

- **CHALLENGE 02**
  - Contributing to society by realizing Healthcare as a Service (HaaS)
  - P24

  We are creating new value unique to our Group and our vision of providing healthcare services beyond pharmaceutical therapies. These include health promotion to disease prevention to palliative care, to provide optimal services tailored to each individual’s Life Journey.

- **CHALLENGE 03**
  - Transforming into a truly global company
    - Global Organization
    - Global Talent
  - P25

  We understand the challenges associated with the globalization of our business, including building a global structure. Our organization must allow for timely and accurate decision-making, more sophisticated and efficient management, and strong global talents based on fostering the One DS Culture.
The Daiichi Sankyo Group will maximize and expand our strengths and sources of innovation—Science & Technology—to realize our 2030 vision to become a global top 10 oncology company. By maximizing our five DXd-ADCs (5DXd-ADCs) built with our proprietary DXd-ADC technology, we will continue to rapidly deliver life-changing treatment options to more patients worldwide. Furthermore, for future sustainable growth, we will build and execute our R&D growth strategy to continue creating innovative medicines beyond these 5DXd-ADCs to patients around the world through drug discovery using a variety of modalities, such as our competitively superior ADC technologies. To be a source of innovation to improve patients’ lives around the world, our R&D model will enable us to achieve sustainable growth for the Daiichi Sankyo Group that is both scalable for global expansion and agile enough to respond to environmental challenges.

### Strategy and action plans (Figure 1)

- **Pursue the R&D strategy through steady progress of the “5DXd-ADCs and Next Wave” by maximizing the value of our five lead DXd-ADCs, establishing the next pillars of the oncology pipeline, and through identification and development of candidates for specialty medicine and vaccines.
- **To contribute to the benefit of cancer patients through our Science & Technology, we are employing an Expand and Extend strategy to maximize the value of our five lead DXd-ADCs, and other oncology drugs in our pipeline (Figure 2). Through the Expand strategy, we aim to 1) establish DXd-ADC therapies in breast and lung cancers, 2) expand to patients in earlier lines of therapy, and 3) expand into other cancers with high unmet medical needs. In our Extend strategy, 1) we will address unmet needs based on the scientific merits of individual medicines in our pipeline; in addition to that, by taking into account our advantages in certain cancers with Enhertu® and other drugs from our pipeline, 2) we seek to create effective treatments for patients who are post-DXd-ADCs including novel assets and next-generation/new-concept ADCs, and novel combinations.
- **In the areas of specialty medicine and vaccines, we will build and execute growth strategies based on our proprietary modality technologies.**
- **To commercialize and deliver robust pipelines to patients rapidly, we will establish efficient and effective governance as a single group.**
- **Furthermore, for future sustainable growth, we will build and execute our R&D growth strategy to continue creating innovative pharmaceuticals beyond the 5DXd-ADCs to patients around the world through drug discovery using a variety of modalities, such as our competitively superior ADC technologies.**

**Figure 1**

*From “3 and Alpha” to “5DXd-ADCs and Next Wave”*


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### Contributing to society by realizing HaaS

*“Bringing smiles to patients, their families, and society” — this is what we are aiming for. We will provide new value to patients and their families by realizing a Healthcare as a Service (HaaS™) that includes preventive medicine, telemedicine, and other healthcare services, and engage in the Patient Journey and each individual’s Life Journey. With the convergence of healthcare and digital technologies, as well as changes in the industrial structure, the HaaS perspective is becoming increasingly important as a potential solution to today’s and tomorrow’s social issues. In particular, we believe that our mission as a leader in the field of oncology is to contribute to the well-being of cancer patients, including their health and happiness.*

The HaaS Planning Department, newly established this fiscal year, is a diverse group of experts from research, development, marketing, sales, digital and medical devices. With our advanced scientific capabilities and the trust with society we have built over the years, we will work to create innovative services and solutions that patients can use with confidence.

**Figure 2**

*EXPAND & EXTEND to deliver our technology to more patients*


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### Strategy

- **Pursue the R&D strategy through steady progress of the “5DXd-ADCs and Next Wave” by maximizing the value of the five DXd-ADCs created from our proprietary DXd-ADC technology.** We will continue to rapidly deliver life-changing treatment options to more patients worldwide. Furthermore, for future sustainable growth, we will build and execute our R&D growth strategy.

### Action plans (Figure 1)

- **Strategy and action plans (Figure 1)**
- **• Pursue the R&D strategy through steady progress of the “5DXd-ADCs and Next Wave” by maximizing the value of the five lead DXd-ADCs, establishing the next pillars of the oncology pipeline, and through identification and development of candidates for specialty medicine and vaccines.**
- **• To contribute to the benefit of cancer patients through our Science & Technology, we are employing an Expand and Extend strategy to maximize the value of these five DXd-ADCs and other oncology drugs in our pipeline (Figure 2). Through the Expand strategy, we aim to 1) establish DXd-ADC therapies in breast and lung cancers, 2) expand to patients in earlier lines of therapy, and 3) expand into other cancers with high unmet medical needs. In our Extend strategy, 1) we will address unmet needs based on the scientific merits of individual medicines in our pipeline; in addition to that, by taking into account our advantages in certain cancers with Enhertu® and other drugs from our pipeline, 2) we seek to create effective treatments for patients who are post-DXd-ADCs including novel assets and next-generation/new-concept ADCs, and novel combinations.**
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**Figure 2**

*EXPAND & EXTEND to deliver our technology to more patients*

Globalization for the Daiichi Sankyo Group means bringing Enhertu and other innovative pharmaceuticals and therapeutic solutions to people all over the world. To become a truly innovative global healthcare company, we are building a global structure that enables more sophisticated and efficient organizational management and timely and accurate decision-making, and developing global talents with the ability to produce innovative results while working collaboratively with one another.

Strengthening the foundation of the global organization

**Strengthening the foundation of the OBU**

Our Oncology Business Unit (OBU) was designed knowing we will have the hiccups and incredible opportunity to be the primary driver of global growth for the Group over the next decade and beyond. Our structure and culture eliminate silos, builds confidence, and create trust, allowing us to anticipate and respond quickly to stakeholder needs. It is our obligation to move swiftly because cancer will not wait. We internalize feedback and insights from patients and the entire community. Learnings from each launch will also inform our future initiatives. We deliver the data evidence, and support to ensure the company can evolve to a new approach and continue to evolve at a fast pace, with new and more specific genetic testing and treatment paradigms.

Our objective for FY2023 is to prepare for the launch of multiple products. We will further strengthen our foundation and maintain the momentum we’ve established through Enhertu and our DXd ADCs. We have also received approval for Vontz® as a first-line treatment in Japan and in the US for patients diagnosed with FLT3-ITD Positive AML. Finally, we will continue to refine our structure and build expertise for product readiness and launches of the numerous DXd ADCs and other rising stars in our oncology portfolio.

**Global management structure**

To achieve our FY2025 target and realize our 2030 Vision, we work with a global network of members across various functions and regions to mobilize the Group’s collective strength and provide new treatment solutions to patients as fast as we can. We aim to streamline business operations by having four functional units direct the formulation and execution of global strategies in their respective areas of expertise, with six business units structured around disease areas responsible for formulating and executing strategies for each area and region. On April 1, 2023, we revised our global management structure to further globalize, including by establishing the Technology Unit consisting of Pharmaceutical Technology, Supply Chain, and Biologics Units. We named chief officers for Consumer Healthcare, Biologics Unit, Supply Chain, and Biologics Units. We named chief officers for each area and region.

In light of the shift toward global business, IT infrastructure that can seamlessly integrate at the global level is essential. We are currently building a new environment that enhances global communication and collaboration and are working on the C2 Project (Global Communication Collaboration Project), which is designed to promote longer and more unified collaboration and synergies among regions and divisions through a centralized technology platform. Not only will this tool foster more global efficiencies for the business, but it will also support our goal to bring people with different backgrounds together and enable better understanding of each other.

**One DS Culture**

We are working to foster a unified One DS Culture, which helps support business expansion on a global scale. By overcoming the challenges we face while leveraging our know-hows and strengths, we aim to create a workplace where all employees can work energetically, embracing our differences such as gender, disability, nationality, and cultural barriers. We will innovate for our patients by understanding and practicing the three Daiichi Sankyo Core Behaviors, building trust across functions and regions and effectively aligning our employees around the world to realize our Purpose and Vision.

**Boosting engagement**

To measure our progress in fostering One DS Culture and employee engagement, we have been conducting a global engagement survey of all Group employees since FY2021. This year marks the second time we conducted the survey, and our scores have improved for 20 questions, including all 9 questions related to Core Behaviors. On the other hand, while our score for “Learn From Mistakes” increased by 2 points, the gap with the benchmark is still large, and we will continue to address this issue as a company-wide issue.

**Fostering a One DS Culture and developing global talent**

The Daiichi Sankyo Group employs more than 17,000 people worldwide. To bring medicines such as Lixiana® and Enhertu as well as other products under development, to patients around the world, we need our employees to collaborate and work together seamlessly throughout the value chain. In order to realize our 2030 Vision of becoming an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” and evolve into a truly global company, we must not only globalize our organizational structure, but also develop global decision-making talent from different cultures and with unique ways of thinking. It is also necessary to foster a corporate culture where all employees learn and grow, trust each other, have a sense of belonging, and remain engaged.

We are building a human resource infrastructure that enables all of the above, so that the organization can function effectively. Against this backdrop, we are promoting the Global Culture Initiative to foster a One DS Culture, while also establishing a global leadership development program and a shared global human resource (HR) system and HR information system.

**Inclusion & Diversity (I&D)**

We believe that having a diverse workforce of various nationalities, experiences, races, genders, lifestyles, disabilities, and ages will enable us to bring forward innovative ideas for patients, will help all employees feel they belong, and allow each of us to maximize our own potential. On International Women’s Day in March 2022, we announced our Global Inclusion & Diversity (I&D) Statement to clearly state both internally and externally our stance and approach to I&D as part of our efforts to create a diverse and inclusive organization.

**Improvement results in Core Behavior and Engagement in the FY2022 Global Engagement Survey**

**VOICE**

Denise Thi, Vice President, Information Technology and Regional Vice President, Information Technology, Daiichi Sankyo, Inc.

In my own experience to date, I am keenly aware that the perspectives, knowledge, and experiences of many different people are essential to success, and I believe this is the essence of I&D. In terms of the empowerment of women, women comprised 33% of all our executive positions across the globe in FY2022. However, there are large variations between countries and regions. We also recognize it is not just a matter of achieving a numerical target for women as executives. As an Audit & Supervisory Board Member, I recognize that a diverse environment where all employees, regardless of nationality, race, age, gender, etc., can fully demonstrate their individual strengths in their own way, are vital in making us stronger. We must also ensure the newer generations of talent who will lead the next generation of success at Daiichi Sankyo are supported and feel they belong.

**VOICE**

Takashi Matsumoto, CHRO

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**MESSAGE**

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Transformation to boost strengths in S&T

This section introduces the transformation centered on human resources, technology, and organization aimed at further boosting our greatest strengths in Science & Technology (S&T), the source of the Daiichi Sankyo Group’s value creation.

Strengthening Talents

Proactively acquiring highly specialized professionals to underpin our strengths in S&T

To further boost our strengths in S&T, we not only develop our current talent, but we also seek to recruit top S&T talent externally, particularly those with a transformation mindset, in the areas of drug discovery research, pharmaceutical technology, and digital transformation (DX) professionals. Since FY2020, the ratio of S&T and DX professionals as a percentage of all career hires has reached 60-70% globally. To further boost our strengths in S&T, we will continue to focus on attracting excellent talent through a variety of recruiting channels.

Deepening DX Technology

To fulfill our 2030 Vision, we are promoting DX initiatives under the banner of our 2030 DX Vision: “As Innovative Global Healthcare Company, we will contribute to healthcare transformation by fully leveraging the promise of data collection and digital technology.” The features of our DX initiatives lie in our centralized DX promotion system, Integrated Data Analysis Platform (IDAP), and diversity of human resources, which enables us to continue creating value over the mid-to-long term. Leveraging these features, we will further utilize advanced digital technologies and data to deepen our existing business model, such as accelerating and automating R&D by applying data-driven drug discovery, artificial intelligence (AI), and other technologies. In May of FY2023, our achievements since the establishment of the DX promotion organization were recognized when we were selected as the DX Stock 2023*, which is a list of companies on the Tokyo Stock Exchange that have established internal mechanisms to promote DX to enhance corporate value and have demonstrated outstanding achievements in using digital technologies.

Company-wide business transformation through advanced digital technologies and data utilization

To flexibly respond to changes in the environment through the use of advanced digital technologies and data, we must reform existing systems and business processes, and foster a culture of transformation. The DX promotion function explores and evaluates advanced digital technologies that may have a high impact on our business, and matches technologies to issues and transformation needs across divisions and the entire company. Most recently, we have developed measures to promote the use of advanced digital technologies such as cloud services including generative AI such as ChatGPT as well as the Metaverse. As for the generative AI, we have been promoting its use within the company since this fiscal year by operating our own in-house cybersecurity environment with information management and security risk countermeasures in place.

Accelerating and automating R&D by applying data-driven drug discovery and drug development, AI, and other technologies

We are utilizing AI for compound design and property prediction to discover high-probability new drug candidates and accelerate drug discovery. In addition, we are leveraging IDAP for safety information monitoring. Furthermore, we are incorporating Real World Evidence (RWE)† obtained from analyzing Real World Data (RWD) to apply for drug approvals in the field of oncology, including our five lead ADCs, as well as to understand the real world treatment use and conduct cost-effectiveness analysis. Furthermore, to improve efficiency in supporting clinical trials, we will use AI technologies to automatically identify protocol deviation categories. These efforts facilitate efficient and rapid clinical development and accelerated delivery of therapeutic options.

In the oncology field, where Daiichi Sankyo’s presence is increasing, many clinical trials are conducted even after the initial filing, which means the manufacturing of investigational drugs and commercial products proceed in parallel. Furthermore, once clinical trials show positive results, manufacturing scales up and/or adds of manufacturing sites to meet the surge in demand. The Biologics, Pharmaceutical Technology (CMC), and Supply Chain Units have collaborated with great success so far, and have worked hard to create holistic optimization and proactively address inefficiency in business processes.

We established a single, unified Technology Unit that integrates Biologics, Pharmaceutical Technology (CMC), and Supply Chain to realize proactive and flexible decision-making and to centralize technology development, manufacturing, and supply management from the early development to post-marketing phase. In addition to strengthening the CMC research function, which contributes to our Science & Technology strengths, we will also live up to the expectations for talent development by taking advantage of our strength as a global organization with approximately 4,000 employees across five countries.

Our Technology Unit’s challenges to contribute to patients around the world

We commit to ensuring a stable supply of investigational drugs and commercial products globally, reducing costs continuously, contributing to new modality development, and creating technology-based new businesses, by taking responsibilities from developing technologies and processes to commercial manufacturing/supply through consistent technological/manufacturing management throughout the product lifecycle. The Technology Unit’s 2030 Vision is “A Global Technology Unit creating the future of healthcare.” This Vision reflects five aspirations and ambitions.

1. Challenge the status quo with a flexible and open mind
2. Explore futuristic technology strategy and realize diverse advanced technologies
3. Generate and strengthen businesses through ideas that combine technology, digital, and assets
4. Clinically and commercially integrate global organization that can proactively and flexibly respond to environmental changes
5. Develop talents and global leaders who lead the entire value chain

We will contribute to the rapid and reliable delivery of our innovative pharmaceutical solutions to patients around the world, by further deepening and integrating our collaboration beyond the organizational boundaries with realizing our Vision, aspirations, and ambitions.