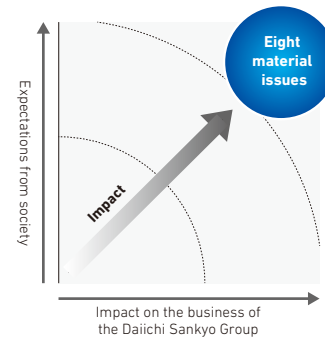


## Materiality

We identified eight material issues to be addressed to sustain growth based on the impact on the Group's mid-to-long-term corporate value enhancement and expectations from society. We then sorted these issues into two groups: Materiality on business and Materiality on business foundations. Upon formulating our current 5-year business plan, in addition to long-term targets and challenges for each Materiality, we set Materiality key performance indicators (KPIs) as initiative indicators.

### Materiality Identification and KPIs Setting Process

In identifying and sorting material issues, 36 issues were selected from the corporate social responsibility (CSR) perspective in FY2015. In March 2020, we identified eight material issues based on several reviews and active discussions at Executive Management Committee and Board of Directors, and dialogue with our stakeholders. Subsequently, we announced KPIs, indicators of initiatives for each Materiality in April 2021. Our Materiality identification and KPI setting process is shown in the figure below.



#### Materiality identification and KPI setting process (2015 to 2021)



- 1 Address key issues in CSR activities**
  - Extract 36 CSR issues
  - Narrow down issues to 21
- 2 From CSR issues to Materiality**
  - Extract mid-to-long-term initiatives and challenges
  - Materiality proposal with consideration of ESG factors (from the viewpoint of corporate value enhancement)
- 3 Identify Materiality**
  - Identify eight material issues after meetings of the Board of Directors
- 4 Set KPIs**
  - Following consideration by relevant organizations and subsequent multiple discussions with the members of the Board of Directors, deliberate on and approve the KPIs and targets linked to the current 5-year business plan at the Board of Directors and Executive Management Committee
  - Announce KPIs

### Materiality Management

We promote Materiality management under a system in which the Corporate Planning Department and Sustainability Promotion Department serve as the administrative office. In addition, regarding matters related to EHS management and compliance management, our cross-organizational committees (EHS Management Committee, Corporate Ethics Committee) decide on our action policies and strive to promote them throughout our company while also reporting important issues to the Executive Management Committee and Board of Directors.

In order to promptly reflect any change in the impact on the

business of the Group due to changes in the expectations and requests from society as well as our external environment to our Materiality and to work toward further evolution, we set targets and conduct reviews of each relevant material issue, manage the progress, and promote regular discussions by the Executive Management Committee and Board of Directors in the annual management cycle. During our FY2022 discussions, we decided to add "cumulative number of projects designated to the priority review system" as a new KPI to indicate the realization of our Purpose by more quickly delivering our innovative pharmaceuticals to patients. In addition, in recent

#### Materiality Management System

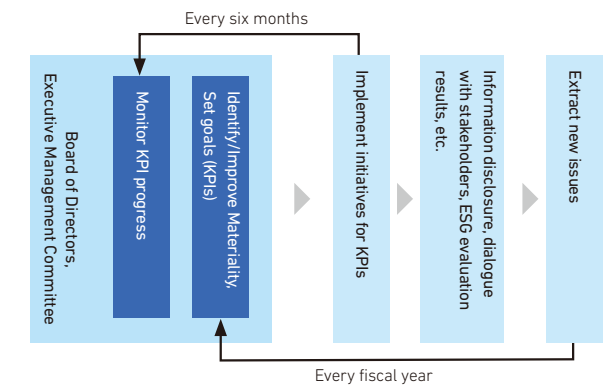


\* A team that promotes human rights due diligence as a cross-functional organization within the Company

years, there has been a much stronger need to reduce CO<sub>2</sub> emissions throughout the supply chain (Scope 1, 2, and 3) to help achieve a decarbonized society, so we have set the following as one of our KPI targets: ensuring that at least 70% of our business partners (Scope 3, Category 1) set targets at the 1.5°C level (the SBT level). To achieve our 2030 Vision, we are also continuing to consider our indicators for contribution to patients and social impact, human capital management and disclosure, including discussion by the Board of Directors.

Through the implementation of ESG briefings and daily interview, we engage in constructive dialogue with our stakeholders both within and outside the Company, including investors, to gain an understanding of the expectations and needs of society. We apply the knowledge we gain to sustainability promotion, and in particular, we are considering our indicators for contribution to patients in order to set our KPIs and targets.

#### Materiality Management Cycle



### Reasons for Selecting Materiality

- Creating Innovative Pharmaceuticals**

Continuously creating innovative pharmaceutical products by leveraging our strengths (Science & Technology) to contribute to the enrichment of quality of life around the world is the foundation of our value creation. We will reinvest profits earned through our business into R&D to continuously create new pharmaceutical products that meet medical needs and deliver them to the medical community. In the mid-term, we will enhance our advanced products and pipeline to transform the SOC\* with the goal of becoming an advanced global pharma innovator with strength in oncology in FY2025.
- Providing a Stable Supply of Top-Quality Pharmaceutical Products**

As the impact of natural disasters and political risks on supply chains is expanding globally, procurement risks at our business partners need to be considered. Establishing a robust supply chain structure and providing a stable supply of top-quality pharmaceutical products is one of the most important challenges for us. In the mid-term, in order to respond to the increase of new modality products, particularly ADCs, we will establish a global production and supply system by implementing appropriate capital investments.
- Providing the Highest Quality Medical Information**

Healthcare professionals can use pharmaceuticals with confidence in treating patients and solving medical issues (and through this, social issues) only when there is highly reliable information on the safety and efficacy of the pharmaceutical products. As we deliver products in multiple fields, we will strive to provide safety and efficacy information. In the mid-term, we will generate new drug information in the oncology area, where information provision tailored to each patient's condition is required, and provide it to healthcare professionals globally.
- Improving Access to Healthcare**

We will strive to expand access to healthcare by promoting the Daiichi Sankyo Group Policy on Access to Healthcare among our employees and by collaborating with stakeholders, including governments, payers, and alliance partners. In the mid-term, we will expand our oncology products globally by leveraging our collaboration with AstraZeneca. We will also contribute to solving social issues, such as COVID-19, by utilizing our business foundation and cooperating with external organizations.
- Promoting Environmental Management**

The impact of climate change and marine plastics pollution on sustainability is becoming increasingly apparent, and environmental issues are becoming a challenge that the world, including businesses, must work together to address. In the mid-term, we will implement environmental measures throughout the value chain to reduce the environmental impact of our business activities and to achieve a sustainable society, in light of concerns about the stable supply of pharmaceutical products due to climate-related disasters.
- Promoting Compliance Management**

Since pharmaceutical companies handle products that affect human lives, we are required to meet a strict sense of legal compliance and high ethical standards. To be trusted by society and to realize our Purpose, we promote compliance management across the entire Group so that each and every employee can work with integrity in their daily activities. In the mid-term, we will further strengthen the foundation of our global governance structure and compliance promotion activities to reduce compliance risks.
- Corporate Governance Aimed at Fulfilling Our Mission**

In an ever-changing external environment, a highly transparent and effective corporate governance system is essential to achieve the sustainable growth of a company and to enhance mid-to-long-term corporate value. We will strive to continuously enhance our corporate value by establishing and operating a corporate governance system embedded with both management structure that can speedily and flexibly respond to changes in the business environment and make decisive decisions swiftly, and a supervisory function for management and execution.
- Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages**

We believe that our "people" are the most important "asset," and we will promote the acquisition of a diverse range of talents and effective human resource management as a source of competitiveness as we develop our business globally. In the mid-term, we will respect the diversity of each and every employee based on our HR Management Philosophy, and aim for mutual sustainable growth of our employees and the company by advancing and training human resources in each area of the value chain.

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