

# List of Materiality

Materiality on Business				Materiality on Business Foundations				
	Creating Innovative Pharmaceuticals P22, 33, 35	Providing a Stable Supply of Top-Quality Pharmaceutical Products P33	Providing the Highest Quality Medical Information P33	Improving Access to Healthcare P33, 36	Promoting Environmental Management P39, 69	Promoting Compliance Management P39, 73, 77, 83	Corporate Governance Aimed at Fulfilling Our Mission P53	Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages P26, 27, 40, 80
Long-term Target	Create innovative pharmaceuticals continuously, utilizing our strength (science & technology)	Establish a robust global supply chain system to provide a stable supply of top-quality pharmaceuticals	Provide safety and efficacy information so that healthcare professionals can always use our products for the treatment of patients with confidence	Contribute to improving access to healthcare, working with stakeholders such as the government, payers and alliance partners	As a healthcare company, we will proactively reduce the environmental impacts of our business operations and seek to implement advanced climate change countermeasures	An organization in which every employee behaves with high ethical standards as well as in compliance with applicable laws and regulations	Establish a corporate governance structure that enables speedy decision making and supervisory and monitoring function for management and execution	Aim at mutual continuous growth of the employees and the company by respecting diversity and promoting the success and development of talents in all businesses
Challenges for realizing materiality	<ul style="list-style-type: none"> <li>Creating the advanced products and pipeline to transform the SOC in the oncology field</li> <li>Development of innovative medicines and preventive medicines with new modalities</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a global production and supply system through appropriate capital investment corresponding to the increase of new modality products including ADCs</li> </ul>	<ul style="list-style-type: none"> <li>Provision of highly useful pharmaceutical information in areas with high expertise/individuality</li> </ul>	<ul style="list-style-type: none"> <li>Global expansion of oncology products by utilizing collaboration with AstraZeneca, etc.</li> <li>Response to new risks such as COVID-19 through collaboration with external institutions by utilizing our strengths and assets</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of the environmental impact of the entire supply chain</li> <li>Proactive introduction and use of renewable energy</li> <li>Use and implementation of decarbonization technologies, such as hydrogen application</li> <li>Expansion of the scope of use for plastics removal, and technological development</li> <li>Minimization of environmental risks such as pollution risks</li> </ul>	<ul style="list-style-type: none"> <li>To raise awareness for compliance among all executives and employees</li> <li>To prevent non-compliant behavior of employees</li> <li>To promote business partners' understanding of sustainable procurement and to minimize compliance risks</li> <li>To improve human rights efforts through the human rights due diligence</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and continue to build an optimal corporate governance structure based on the expectations of society</li> <li>Improve the effectiveness of both the Board of Directors and the Audit &amp; Supervisory Board</li> <li>Enhance and improve transparency regarding corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Creating a work environment where a diverse range of talents are highly engaged and can maximize their potential</li> <li>Acquisition and training of talents to enhance business competitiveness</li> </ul>
FY2025 KPI Targets	<ol style="list-style-type: none"> <li>3ADC: 8 indications launched (as new indications during the mid term plan period)</li> <li>Multiple projects to become the new growth driver after 3ADCs are in or above late development or more advanced stage</li> <li>Post DxD-ADC modality is in development stage</li> <li>Number of designations to the priority review system (report the cumulative number)</li> </ol>	In house capital investment and CMO investment for the construction of ADC production system and stable supply of top quality pharmaceuticals to patients (including capital expenditure): Maximum 300 billion yen	Improvement of evaluation scores from stakeholders including healthcare professionals	<ol style="list-style-type: none"> <li>Increase the number of launched countries through collaboration with partners</li> <li>Achievement of supply of COVID-19 vaccine (AZD-1222) of AstraZeneca as planned (FY2021) to contribute to mitigating new risks through cooperation with the regulatory authorities and other companies, Progress in development of DS-5670 as planned</li> </ol>	<ol style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (Scope1 + Scope2)*4 by 42% from FY2015</li> <li>Reduction of CO<sub>2</sub> emissions intensity based on sales (Scope3, Cat1)*4 by 15% from FY2020</li> <li>At least 70% of business partners (as procurement amount) set targets at the SBT level (1.5°C target)*5</li> <li>Renewable electricity utilization rate more than 60%</li> <li>Maintenance of Waste plastic recycling rate by over 70%</li> <li>Reduction of disposal of hazardous waste by 10% from FY2020</li> </ol>	<ol style="list-style-type: none"> <li>Number of significant compliance violations*7: 0</li> <li>Number of Notable Industry Code Violations (NICV)*8: 0</li> <li>Improvement of periodic employee survey scores on ethical culture following baseline</li> <li>Conduction of continuous compliance and promotional activities monitoring at each company</li> <li>Sustainable procurement survey coverage rate 75%</li> <li>Internal education and dissemination of our thoughts with business partners, Disclosing the result of education and training</li> <li>No case of violation with ILO Core Labour Standards*9 as a result of human rights risk assessment through DS Group</li> <li>Disclosure of results of business partners risk reduction initiatives related to ILO Core Labour Standards*9</li> </ol>	<ol style="list-style-type: none"> <li>Complying 100% with all the principles of the revised Corporate Governance Code in Japan</li> <li>Evaluating the effectiveness of the Board of Directors and implementing measures for improvement (including third party evaluation, two times by the end of FY2025)</li> <li>Continuously evaluating and improving the effectiveness of the Audit &amp; Supervisory Board</li> <li>Disclosure through various communication materials with improved transparency in order to help stakeholders to understand the company's corporate governance</li> </ol>	<ol style="list-style-type: none"> <li>Percentage of female in senior managerial employees*10 to 30%</li> <li>Positive response rate (%) on corporate culture &amp; work environment through engagement survey to 80% or more, or 10% or more increase compared to FY2021</li> <li>Positive response rate (%) on development &amp; growth opportunities through engagement survey to 80% or more, or 10% or more increase compared to FY2021</li> <li>Disclosure of the result of the amount of training/development investments per employee</li> </ol>
FY2022 results	<ol style="list-style-type: none"> <li><i>Enhertu</i> • HER2-positive breast cancer 2L was approved (US: May 2022, EU: Jul.2022, JP: Nov.2022) • HER2 low breast cancer 2L was approved (US: Aug. 2022, EU: Jan. 2023, JP: Mar. 2023) • sBLA for HER2 mutant NSCLC 2L+ was approved (US: Aug., 2022) and submitted (JP: Dec. 2022, EU: Jan. 2023) • HER2 positive gastric cancer 2L was approved in EU on Dec. 2022</li> <li>No project progressed to late stage trials</li> <li>DS-5670 (LNP-mRNA) Submission a booster vaccine for the prevention of COVID-19 (JP: Jan. 2023)</li> <li>Cumulative 20 (from FY2021)</li> </ol>	<ul style="list-style-type: none"> <li>Expansion of supply capacity in response to demand forecast (Decision made to invest approx. 65 billion yen (cumulative total since FY2021, approx. 144 billion yen))</li> <li>Stable inventory secured for current commitments</li> </ul>	<ul style="list-style-type: none"> <li>Japan Business Unit MR: 1st in all markets, MA: 1st in cardiovascular area, Product Information Center: 1st both in health insurance pharmacy pharmacists and hospital pharmacists*1</li> <li>EU Specialty Business Unit NPS*2 in 3rd place</li> </ul>	<ol style="list-style-type: none"> <li><i>Enhertu</i> launched: 35 countries and regions (FY2022: 10 countries and regions), Number of patients treated: Appx. 22,000 patient*3</li> <li>DS-5670 Submission of a booster vaccine for the prevention of COVID-19 (JP: Jan. 2023)</li> </ol>	<ol style="list-style-type: none"> <li>49.6% reduction from FY2015 (109,735 t-CO<sub>2</sub>*4)</li> <li>8.2% reduction from FY2020 (1,809,230t-CO<sub>2</sub>*4)</li> <li>78.1%*6</li> <li>69.3%*6</li> <li>28.3% reduction from FY2020 (7,194t*6*1)</li> </ol>	<ol style="list-style-type: none"> <li>0</li> <li>0</li> <li>No survey conducted in FY2022 (second survey will be conducted in FY2023)</li> <li>Conducted monitoring at each company</li> <li>99% survey questionnaire collection rate, Sustainable procurement survey coverage rate 74%, Communication with 20 target suppliers based on survey results</li> <li>Conducted internal awareness raising programs (two departments), individual interviews with outside suppliers (20 companies), and information sharing session with one supplier</li> <li>Drafted Human Rights Due Diligence procedure manual • Human rights training in each group company, Sent out CEO message</li> <li>Conducted communication with 20 business partners based on the second Sustainable Procurement Survey</li> </ol>	<ol style="list-style-type: none"> <li>Confirmed 100% compliance with the revised Corporate Governance Code</li> <li>Discussed priority themes identified in the Board Evaluation for FY2021 at the opinion exchange meetings among Directors and Audit &amp; Supervisory Board Members • Discussed the optimization of the Board of Directors composition at the Nomination Committee • Shared the process at the Board of Directors meeting, Conducted Board of Directors evaluation</li> <li>Implemented improvement measures to address issues identified in the FY2021 effectiveness evaluation • Conducted self-evaluation on the FY2022 effectiveness evaluation of the Audit &amp; Supervisory Board and identified challenges to be addressed in FY2023</li> <li>Reflected the revisions of Directors Regulations in disclosure materials • Updated the corporate governance pages on our website • Published round-table discussion with Outside Directors and messages from the Chairpersons of the Board of Directors, Nomination Committee and Compensation Committee in the Value Report • Participation at the ESG Briefing</li> </ol>	<ol style="list-style-type: none"> <li>19.2%(+1.3% YoY)</li> <li>77% of positive response rate</li> <li>75% of positive response rate</li> <li>¥145,734 (+¥49,573 YoY)</li> </ol>
(1) Economic value creation (2) Social value creation	<ol style="list-style-type: none"> <li>Expand R&amp;D pipeline and acquire intellectual property contributing to future revenue and profit</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>	<ol style="list-style-type: none"> <li>Increase revenue and profit, reduce/prevent the risk of declining corporate value</li> <li>Contribute to the enrichment of quality of life around the world</li> </ol>		<ol style="list-style-type: none"> <li>Enhance of corporate value by improving evaluation of environmental management initiatives (reduction/avoidance of the damage risk to corporate value)</li> <li>Contribute to the development of sustainable living infrastructure through the early realization of a decarbonized society, solving of the marine plastic problem, and prevention of environmental pollution</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value by improving trust in our corporate brand (mitigation/prevention of the risks of damage to corporate value)</li> <li>Maintain and enhance trust in the pharmaceutical industry, improving social compliance through sustainable procurement</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value by improving trust in our corporate brand (mitigation/prevention of the risks of damage to corporate value)</li> <li>Maintain and enhance trust in the pharmaceutical industry, improving social compliance through sustainable procurement</li> </ol>	<ol style="list-style-type: none"> <li>Improve sustainable growth of the company and enhancement of corporate value in the mid-to-long-term</li> <li>Total value provided through our business operations, realize management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders</li> </ol>	<ol style="list-style-type: none"> <li>Enhance of corporate value through developing talents to carry out business activities</li> <li>Diversify of human resources, respect for human rights, talent development</li> </ol>

\*1 MR: Feb. 2022, INTAGE Healthcare Inc. (Rep-), MA: Feb. 2022, INTAGE Healthcare Inc. Product Information Center: Nov. 2021, transcosmos inc. and The Japan Research Institute, Limited  
\*2 NPS: Net Promoter Score  
\*3 Estimated based on the formula dividing "total sales volume" by the "amount of use required by one patient per year"  
\*4 Scope1: Direct emissions from the reporting company's factories, offices, vehicles, Combustion of fuels etc.  
Scope2: Indirect energy-derived emissions from electric power and other energy consumed by the reporting company  
Scope3: Indirect emissions other than Scope1 and Scope2. Category 1 is emissions from activities up to manufacturing of raw materials, parts and containers/packaging materials

\*5 Addition of KPI target in FY2022  
\*6 Subject to the third-party assurance  
\*7 Compliance violations which occur in domestic and overseas group companies are regarded as significant when disclosure under the relevant laws or regulations is required by the DS group  
\*8 Cases where there have been healthcare-related findings by the pharmaceutical regulatory authorities and industry-related organizations that may materially discredit or reduce confidence in Daiichi Sankyo Group of companies  
\*9 Freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation  
\*10 Senior managerial employees: percentage of women who are in positions equivalent to division heads or higher positions. The definition of senior managerial employees in the Group companies was changed in FY2020.  
\*11 Figures for FY2022 include waste temporarily generated from soil remediation at Odawara plant of Daiichi Sankyo Chemical Pharma Co.