Activity Report

Stakeholder Engagement

The Daiichi Sankyo Group specifies "We maintain productive, positive and professional relationships with our stakeholders" in Article 2 of the Daiichi Sankyo Group Corporate Conduct Charter, and "We actively, effectively, and fairly disclose corporate information to the public and engage in an open and constructive dialogue with a wide range of stakeholders" in Article 3. Furthermore, the Group specifies "We actively, effectively and fairly disclose Company information to the public and engage in an open and constructive dialogue with a wide range of stakeholders" in Chapter 2 "Society" of the Daiichi Sankyo Group Employee Code of Conduct.

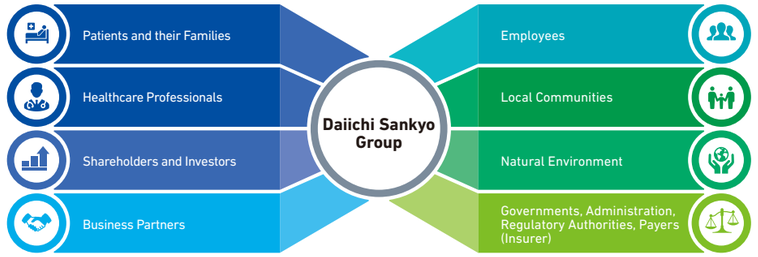
Basic Approach to Engagement

Society is undergoing rapid changes, ranging from economic and geopolitical shifts to demographic shifts and changes in the global environment. It is essential for sustainable corporate activities to grasp the diverse demands of an ever-changing society, including addressing unmet medical needs, and to reflect stakeholder expectations and needs, as well as opinions based on diverse values, in our corporate activities.

We aim to be a company that earns the trust of society by actively engaging in dialogue with our stakeholders, recognizing the demands and expectations placed on us by society, and responding to them through our business activities, as well as by promoting activities that help people understand our initiatives and approach. Moreover, we will work together with our stakeholders to create a sustainable society.

In our current 5-year business plan, one of our strategies is "creating shared value with stakeholders." This means working together with patients, shareholders and investors, society, and employees to create shared value.

Daiichi Sankyo Group Stakeholders



To achieve sustainable growth in society and to create corporate value over the mid-to-long-term, we must build and maintain healthy and productive relationships with stakeholders who are significantly affected by the activities, decisions, and businesses of the Group. In order to build and maintain relationships with our stakeholders, including patients and their families, healthcare professionals, shareholders and investors, business partners, employees, local communities, the natural environment, governments, administration, regulatory authorities, and payers (insurer) we will not only comply with the laws and regulations of each country and region, but will also respect varying international norms, diverse cultures, and customs, and engage in constructive dialogue.

Overview of Engagement					
Stakeholder	Purpose of Engagement	Engagement Method (frequency)		FY2022 Engagement Activities	Stakeholder Opinions and Ways of Utilization
Patients and their Families	Understand the daily lives, needs, and hopes of patients and their families, through analyzing feedback and quality of life data from patients and healthcare professionals. Aim to improve the quality of life of patients and help them have an enjoyable life with their families with smiles on their faces by incorporating the results of this analysis into our initiatives.	• Engage in dialogue with patients, families and healthcare professionals through COMPASS*1 activities (2-3 times/ year) ▶ **For details, please refer to P38**		Held the "Healthcare Café meets Cancer Notes" event as part of the Healthcare Café project as a collaboration with Takeda, Daiichi Sankyo, Kyowa Kirin, and Santen.	Foster patient centric mindset of Daiichi Sankyo Group members to help inform drug discovery by learning about the real needs of patients and their families, including improving quality of life.
		• Collect patients' feedback through PFDD*2 and incorporate it into drug development-related materials (as appropriate) ▶ **For details, please refer to P38**		Established a framework for collecting patient feedback and conducted reviews of clinical trial protocols/ explanatory and consent documents provided to patients as part of a domestic initiative.	Discussed and considered establishing clinical trial designs and conducting clinical trials from the patient's perspective, such as reducing the burden on patients when participating in clinical trials and improving the effectiveness of clinical trials, based on the opinions of patients and healthcare professionals who are working closely with patients.
Healthcare Professionals	Enhance therapeutic options and transform the standard of care by creating innovative pharmaceuticals and providing useful information to healthcare professionals to improve treatment satisfaction levels and understand the needs of healthcare professionals.	• Engage in medical representative activities through interviews with healthcare professionals (as appropriate) • Engage in Medical Affairs activities aimed at generating and disseminating new evidence (as appropriate)		Provided information to understand and fulfill customer needs through medical representative activities and supported medical collaboration by area through lectures which was mainly held online. In addition, made contributions to healthcare by generating new data through medical affairs activities.	Understood that the issues and needs of areas and customers are diversifying along with environmental changes, and that these changes were accelerated by the COVID-19 pandemic. Contributed to local healthcare by providing information on the proper use of products, information related to medical coordination, etc., by leveraging digital technologies in our information provision activities.
Shareholders and Investors	Further enhance mutual understanding and growth by providing disclosures based on the principles of transparency, fairness and continuity, including actively sharing mid-to-long-term strategies, initiatives for sustainable growth, and other management information that will help shareholders and investors understand the Company, while reflecting their opinions in corporate management through constructive dialogue from a mid- to-long-term perspective.	• Engaged in dialogue between the Management, IR Department and shareholders and investors through disclosure of information on management strategy, R&D, ESG, etc. (as appropriate)		Held IR briefings led by senior management and R&D seniors on R&D data presented at major international conferences and exchanged opinions with shareholders and investors on the details and significance of the data.	Disclosed the latest oncology sales forecast and 3ADC launch plan in the FY2022 financial results, in response to comments that it would be appropriate to revise the forecast disclosed in the current 5-year business plan, in light of favorable trial results and acceleration of trials to expand indications.
Business Partners	Grow together and enhance mutual value over the long term as trusted business partners by seeking their understanding of the Group's approach to sustainability based on the Business Partner Code of Conduct (BPCC) and promoting initiatives to create a sustainable society that takes human rights and the environment into consideration.	• Engage in dialogue with business partners through the sustainable procurement survey and interviews based on the survey results (once every 3 years) ▶ **For details, please refer to P39**		Conducted interviews with 20 suppliers selected based on the survey results. Held a mutual exchange of opinions with one company to promote sustainable procurement initiatives.	Based on the opinion that some business partners were highly interested in sustainability but did not know how to tackle it as a company, we created external training/education materials to support them. Planning to conduct training in FY2023.
Employees	Create an environment in which employees are highly engaged, grow as individuals, and thrive by respecting the diversity of each employee and promoting and developing human resources in each area of the value chain. Promote the mutual sustainable growth of our employees and the Company.	• Foster corporate culture with all global employees (as appropriate) ▶ **For details, please refer to P26, 40** • Conduct consultation meetings and debriefing sessions with labor unions (multiple times a year)		Established opportunities for discussions between labor and management with labor unions of Group companies in Japan regarding working conditions throughout the entire Group, as well as periodic exchanges of information and opinions on management or union activities.	The need for an hourly paid leave system that is not limited to nursing and caregiving situations (promoting diverse work styles, improving productivity, as well as improving productivity and ensuring rest and health between early morning and late night global meetings and normal work, etc.) was confirmed through the exchange of opinions with the labor union, and the hourly paid leave system was introduced in October 2022.
Local Communities	Enrich the quality of life around the world by collecting information on local needs, including local diseases and healthcare delivery systems, and using this information to provide the necessary human resource development and medical services in each region to advance and strengthen the healthcare infrastructure.	• Conduct surveys of local government, local medical institutions, local residents, etc. through NGOs (as appropriate)		Conducted a survey in Kenya for NGOs and government agencies to understand medical issues and needs. Also conducted interviews with local government, medical institutions, and local residents.	Discovered that cervical cancer screening, diagnosis, and treatment systems were not in place in the Kenya, and that local residents did not understand the necessity of screening due to lack of knowledge. With the aim of improving the screening rate and early detection of cancer, we made plans for educational activities, cancer screening, and treatment, which will be implemented in FY2023.
Natural Environment	Accurately grasp environmental conditions and social needs, reduce the environmental impact of our activities throughout the value chain, including by conserving resources and recycling resources, and reduce mutual risks between our business and the natural environment.	• Engage in dialogue with civic groups and local communities (as appropriate)		Engaged in dialogue with civic groups and local communities to contribute to local communities and their future as a good corporate citizen.	Invested in a wind farm in Germany's Pfaffenhofen region in cooperation with civic groups and local communities to contribute to the future supply of local green energy.
		• Hold meetings with industry associations (4-5 times/year)		Participated as vice-chairman of a study group on environmental issues in the Japan Pharmaceutical Manufacturers Association to address environmental issues in the pharmaceutical industry. Contributed to the establishment of working groups related to carbon neutrality and creating a recycling-oriented society, as well as to activities to raise awareness and disseminate information.	In response to the need for public-private partnerships to address environmental changes surrounding Japan and structural issues in the country, we promoted environment-related activities undertaken by pharmaceutical companies as an industry group and actively disseminated information in order to implement Green Transformation (GX), one of the priority investment areas outlined in the "Basic Policies for Economic and Fiscal Management and Reform 2022."
Governments, Administration, Regulatory Authorities, Payers (Insurer)	Contribute to ensure and expand access to drugs for patients around the world by building appropriate relationships of trust with national governments, administrations, regulatory authorities, and payers (insurer), and by ensuring appropriate evaluation of drug innovations, which will lead to a sustainable R&D investment cycle for creating innovative pharmaceuticals to address unmet medical needs.	• Engage in advocacy, dialogue, and problem solving through industry associations (as appropriate)		Took the lead in the industry in studying and implementing measures to strengthen the supply capacity of member companies (e.g., unifying terminology, ensuring thorough self-inspection) in order to restore a stable supply of drugs. Clarified the supply status of drugs in cooperation with the government in order to alleviate concerns of medical institutions.	Translated the opinions (review of industry structure, issues under the NHI drug price standard system, strengthening the supply chain, etc.) expressed at the "Expert Panel on Comprehensive Measures to Achieve a Rapid and Stable Supply of Pharmaceuticals" established by the MHLW (the Ministry of Health, Labour and Welfare) to study industry issues such as supply instability in Japan into concrete terms at a government conference body.

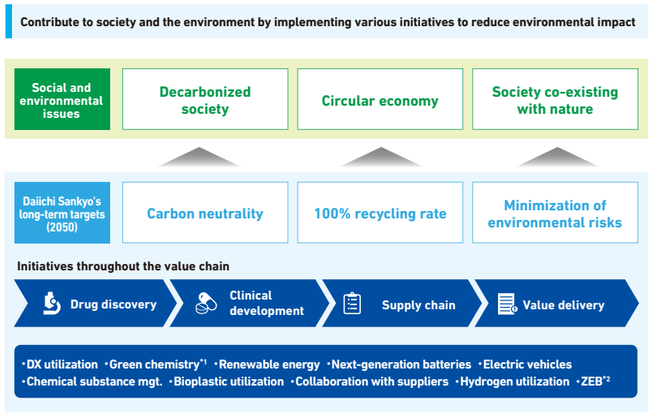
*1 Activities aimed at realizing "life with smile" for people around the world by providing opportunities for all Group members to understand the lives and needs of patients and to think about what we can do to help, based on the Group's slogan, "Compassion for Patients".
*2 Acronym for Patient-Focused Drug Development, an initiative to reflect the voices of patients in drug development.

Environment

The Daiichi Sankyo Group promotes environmental management based on the understanding that environmental issues, such as global warming and extreme weather events, pose a threat to the development of a sustainable society and human health, while also being a risk factor that could affect our long-term business foundation, such as jeopardizing our ability to provide a stable supply of pharmaceuticals.

Promoting Environmental Management

We conduct business activities that contribute to the enrichment of quality of life by providing pharmaceutical products. However, we also understand that our activities can be a burden to the environment, and even cause environmental issues. What underlies our promotion of environmental management based on our Purpose is the belief that our 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 sustainable society by proactively implementing various initiatives to reduce environmental impact from R&D to sales all across the value chain.



*1 Manufacturing processes in consideration of the sustainability of the global environment, including prevention of environmental pollution, and reduction of raw material and energy consumption
*2 Net Zero Energy Building

Progress on Key Materiality KPIs

We have set materiality targets for reduction of CO_2 emissions, renewable electricity utilization rate, waste plastic recycling rate, and disposal of hazardous waste. Daiichi Sankyo's CO_2 emission reduction targets set in 2020 were certified as a "well-below 2°C target" by the Science Based Target Initiative (SBTi)*3. However, with the growing social demand for carbon neutrality, we revised the target to a more ambitious one in June 2022. Specifically, we established targets to reduce CO_2 emissions by 42% in FY2025 and 63% in FY2030 compared to FY2015 emissions, leading to our CO_2 emission reduction target being certified as a "1.5°C target" by the SBTi in June 2023.

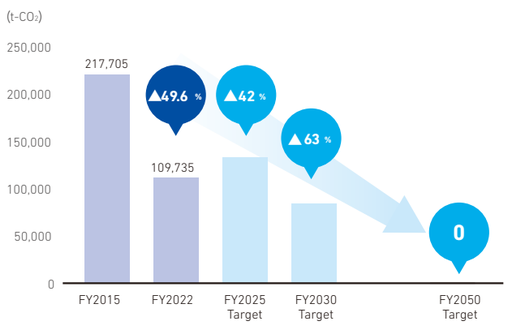
To achieve these targets, we switched the electricity used at our head office building and all of our plants and research centers in Japan to electricity from renewable energy sources in FY2022. As a result, we achieved a 49.6% reduction in global CO_2 emissions (Scope 1 + Scope 2) against our FY2025 target of a 42% reduction from FY2015. In addition, our renewable electricity utilization rate was 78.1% against our target of at least 60% in FY2025. For FY2030, we aim to achieve a renewable electricity utilization rate of 100% as set forth in RE100*4 as soon as possible. Furthermore, to enhance the sustainability of the entire supply chain, we established a target of having at least 70% of our business partners set a 1.5°C level target by 2025, and in FY2022 we joined the CDP Supply Chain Program of CDP, an international environmental non-profit organization. Through this program, we will promote initiatives to reduce CO_2 emissions with our business partners.

In order to reach our FY2030 targets and achieve carbon neutrality by 2050, we will continue to further promote the use of renewable energy for electricity and improving the efficiency of energy-consuming equipment such as boilers and air conditioners

*3 Abbreviation for Science Based Targets initiative, an international initiative that calls on companies to set greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement.
*4 A global initiative to promote 100% renewable energy, operated by The Climate Group, an international environmental NGO, and CDP that urges companies to disclose their climate change measures.

▶ For more information on Materiality, please refer to P29

FY2025 and FY2030 Target toward Carbon Neutrality



Contributing to the Realization of a Decarbonized Society

We have set three long-term targets for 2050 to achieve a sustainable society: "carbon neutrality" to achieve decarbonized society, "100% recycling rate" to achieve a circular economy, and "minimization of environmental risks" to fulfill our duties as a society in harmony with nature, and are promoting environmental management throughout the value chain. As part of our efforts towards decarbonization, we completed construction of a new administration building at Daiichi Sankyo Chemical Pharma's Onahama Plant in March 2023, which became the first building in the Group to receive the Nearly ZEB*5 certification under the Building-Housing Energy-efficiency Labeling System (BELS)*6. We aim to achieve a 78% reduction in energy consumption by effectively combining solar power generation with high-efficiency air conditioning, hot water supply, and lighting equipment. The solar power generation is expected to generate approximately 100,000 kWh of electricity annually, resulting in an estimated reduction of approximately 54 tons of CO_2 emission per year.

Following the Onahama Plant in Japan and the Pfaffenhofen Plant in Germany, a solar power generation facility has been in operation since January 2023 at the Shanghai Plant of Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd., which has been operational since January 2023. The expected annual power generation of 540,000 kWh is enough to cover the electricity consumption of the office building on the Shanghai Plant site, thus contributing to the reduction of our impact on the global environment.

*5 Buildings with net energy consumption reduced by 75% or more that are nearly a Net Zero Energy Building (ZEB), where energy consumption equals energy generation.
*6 Building-Housing Energy-efficiency Labeling System


Onahama Plant Administration Building


Solar panels seen from the roof of the Shanghai plant

Selected as 'A List' Companies in CDP Climate Change 2022 for Three Consecutive Years

The Daiichi Sankyo Group has been recognized by CDP*7, an international environmental non-profit organization, for its leadership in transparency and performance in corporate sustainability related to climate change, receiving the highest rating of "A-List" for three consecutive years. In addition, we have been participating in the CDP Supply Chain Program since FY2023 to achieve the engagement targets set with our business partners as part of our Materiality KPI for environmental management. Through this program, we work to reduce greenhouse gas emissions through our supply chain and promote decarbonization by engaging with our suppliers.

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

Initiatives for Biodiversity

In December 2022, the COP15 of the Convention on Biological Diversity was held in Montreal, Canada, where the 30by30 target aiming to conserve at least 30% of both land and ocean by 2030 was adopted.

In addition, companies are now expected to assess the impact of their business on biodiversity and promote information disclosure.

As the loss of nature leads to a resource risk to companies, while companies burden biodiversity and nature through their business activities, biodiversity conservation initiatives can be seen as a key management priority. In its Basic Environmental Management Policy and Medium-Term Environmental Management Policy, our Group clearly states that it will conduct its business activities with consideration in biodiversity and ecosystem services. Based on these policies, we have formulated the Basic Biodiversity Principles and Action Guidelines*8.

We believe that conserving biodiversity and sustainably using ecosystem services are important elements in carrying out our business. To raise awareness and promote understanding of employees, we offered an e-learning program in June 2023. In addition, we are strengthening environmental conservation activities in cooperation with suppliers and private organizations, promoting the procurement of raw materials with low environmental impact, and implementing social contribution measures that help conserve biodiversity.

In 2022, we participated in the 30by30 Alliance for Biodiversity launched by the Ministry of the Environment together with volunteer companies, local governments, and organizations, and we will continue our initiatives to contribute to the conservation of biodiversity.

*8 Basic Biodiversity Principles and Action Guidelines
https://www.daiichisankyo.com/sustainability/the_environment/risks/

TCFD Disclosures

The Daiichi Sankyo Group has been disclosing information in line with the TCFD*9 disclosure framework, including governance and scenario analysis results, since 2020. We will further reinforce or governance and business strategy with respect to climate change by promoting information disclosure in response to the revisions that were made into the TCFD recommendations in October 2021.

*9 Task Force on Climate-related Financial Disclosures

◉ Governance

We established the EHS Management Committee in an effort to protect the environment and ensure the health and safety of employees and to operate and promote management in an integrated manner. The committee is chaired by the Chief Executive Officer of EHS Management and comprise the Heads and Presidents of relevant divisions, including Directors, and the Presidents of Group companies. It meets twice a year to discuss and report on policies, target setting, and activities related to global EHS management, and it reports on the content of its deliberations and reporting to the Board of Directors, which supervises the committee's activities. In FY2022, the committee discussed setting new Scope 3 targets, the use of renewable energy, and internal carbon pricing.

◉ Risk management

The EHS Management Committee plays an important role in determining the risks and opportunities presented by climate change to our business, assessing and managing the financial impact, and enhancing our resilience. We strive to identify and address risks that may require changing our business activities, such as those related to climate change and water. Any significant risk concerns are reported to the Board of Directors and integrated into our overall risk management. In addition, the committee discusses and decides on mid-term and short-term targets and implementation plans for our transition toward carbon neutrality over the long term.

▶ See P41 for risk management

◉ Strategy

As the impact of various environmental factors increases, we will need to realize a sustainable society if we are to continue our corporate activities. Particularly for pharmaceuticals, which are life-related products, disruption of the supply chain due to worsening weather-related disasters and a decline in the supply capacity of pharmaceuticals are major risks, both from business and social perspectives. Accordingly, we believe it is important to reduce the environmental impact of our business and promote decarbonization, while working together with our business partners to promote decarbonization throughout our supply chain to achieve carbon neutrality and reduce our physical impact.

◉ Scenario analysis

Our cross-departmental task team, which we formed in FY2021, considered risks and opportunities for our business beyond 2030. The team uses net-zero scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to identify both transition and physical risks and opportunities for the entire value chain, and the risks and opportunities identified were deliberated and evaluated by the EHS Management Committee in FY2022. Specifically, we identified risks and opportunities in terms of procurement, direct operations, and demand for goods and services, and we classified them into six categories. We selected the 1.5°C scenario, where decarbonization is achieved, and the 4°C scenario, where decarbonization is not achieved, as we determined that it is important to assume and prepare in advance for extreme cases with regard to both the physical and transition risks. We categorized the potential impact and resilience of our business with regard to each risk in terms of frequency of occurrence, business impact, and investor interest and conducted a comprehensive evaluation of the risks and opportunities through to 2030 and 2050.

◉ Results of scenario analysis

While we recognize that the direct impact of transition risks on our business activities will be limited, our supply chain may be impacted by future increases in costs such as carbon taxes and transition measures. As for physical risks, there are concerns that intensifying weather disasters may affect stable supply. Based on the results of this analysis, we will address transition risks by avoiding carbon taxes and other burdens to cut costs and create business opportunities through the effective use of renewable energy, introduction of decarbonization technology, and collaboration with business partners, in addition to our ongoing energy conservation measures. With regard to physical risks, we will strengthen our BCP, including flood countermeasures, implement preventive measures to enhance supply chain stability, ensure diversity, secure supportive and alternative measures to avoid damage to the Group, and aim to sustainably increase corporate value. The EHS Management Committee and the Board of Directors will manage the progress of important risk measures that were assessed and identified in the scenario analysis for the entire Group.

	Environmental changes	Risks and Opportunities	Potential impact on the Group	Impact	Actions for ensuring the Group's resilience	Business risk
1.5°C scenario (world with advanced transition)	Tightening 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 JPY.	Minor	• The financial impact is limited and will be further minimized by promoting 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 JPY per year.	Minor	• Reduce costs by promoting our measures, as additional costs for renewable energy and energy-saving facilities are on a downward trend.	Minor/ Opportunity
		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	• Our decarbonization efforts are appreciated by ESG investors, which will lead to enhanced corporate value, including a higher stock price.	Opportunity
4°C scenario (world with increasing physical impacts)	Increased frequency and scale of weather-related disasters (such as heavy rains, 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 JPY). • 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 conditions (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 and respiratory diseases, 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
	Water shortages	Temporary suspension of operations at company sites	• 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 JPY.	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 JPY); Minor (between 0.1 to 5.0 billion JPY); Medium (between 5.0 to 10.0 billion JPY); Major (between 10.0 to 30.0 billion JPY).
* Business risks are comprehensively assessed based on the degree of impact and frequency of occurrence.
* 1.5°C scenario (IEA SDS (WEO2021), IEA NZE 2050), 4°C scenario (IPCC RCP8.5)

◉ Indicators and Targets

CO_2 emissions (Scope 1 + Scope 2)	2025 target: 42% reduction compared to FY2015 2030 target: 63% reduction compared to FY2015
CO_2 emissions (Scope3, Cat.1)	2025 target: 15% reduction in CO_2 emissions intensity based on sales compared to FY2020
Business partner engagement (Scope3, Cat.1)	2025 target: Have more than 70% of business partners set targets based on the 1.5°C scenario
Renewable energy utilization rate	2025 target: 60% or more 2030 target: 100%

▶ For more information on FY2022 results, please refer to P31

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, environment, and economic development.

Business Partner Code of Conduct

In today's world, companies are required to address global social issues across the entire value chain. Based on the belief that not only our Company, but our business partners too, play a very important role in this regard, we revised the Daiichi Sankyo Group Corporate Conduct Charter in April 2019 to clearly specify what we deemed to be "responsible procurement" and "encouragement for our business partners to take actions". At the same time, we also established a new Business Partner Code of Conduct. This Code of Conduct clearly expresses the commitment of the Daiichi Sankyo Group and the expectations we have of our business partners. It comprises of six items which are aligned with the principles of the non-profit organization PSCI*: 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.

* Pharmaceutical Supply Chain Initiative

Sustainable Procurement Survey

In order to gain an understanding of our business partners' efforts on addressing social issues, we conduct a sustainable procurement survey towards our major business partners in Japan and overseas on a three-year cycle. The survey asks 57 questions across the aforementioned six sections. In the second survey (FY2020–2022), the survey was sent to 403 of our major business partners in Japan and overseas and as of the end of March 2023, we have received responses from 399 companies(99%). We have also engaged in face-to-face communication with 20 partners that were selected based on the results of the survey.

In preparation for the third survey in FY2023, we plan to look back on the last survey results and review the survey contents.

See here for more information about the result of the sustainable procurement survey

https://www.daiichisankyo.com/about_us/responsibility/ethics-compliance/procurement/

Establishing a Business Partner Management System

To avoid the risk of damage to our corporate value stemming from problems caused by our business partners, we conduct risk assessments on corruption, privacy and confidentiality, human rights, and environmental protection when engaging with a business partner for the first time, followed by a process of continuous risk monitoring thereafter. In Japan, we established the Business Partner Management Guideline in September 2021 and then the Daiichi Sankyo Group Business Partner Management Guidelines for our global operations in October 2022.

Since then, we have conducted business partner risk assessments globally through the use of an IT system. In addition, risk assessments in each risk area are conducted based on the combination of (1) the attributes of business partners such as countries and industries, and (2) the results of questionnaire responses collected from the business partner. When a business partner alert is detected prior to or during transactions, we consider the impact of the risk on the Group's business and social credibility and decide whether to do business with them. In addition, when an existing business partner is deemed to be high risk, we take appropriate mitigation measures based on the nature and degree of the identified risk. Through these measures, we will avoid/reduce the impact on our own business through thorough risk management and work together with our business partners to achieve a sustainable society.

Stable Procurement Initiatives

The world has come face to face with various risks of an unpredictable nature in recent years, namely large-scale natural disasters, pandemics, and international conflicts. Maintaining and stabilizing 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 are also committed to strengthening stable procurement by conducting our sustainable procurement survey on particularly important suppliers of raw materials from Tier 2 onwards who do not have a direct contractual relationship with the company.

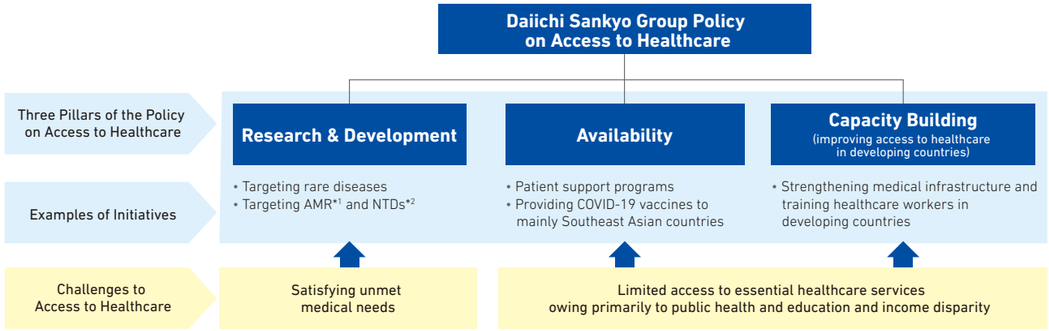
Declaration of Partnership Building

In endorsing the aims of the Council on Promoting Partnership Building for Cultivating the Future, a government-business initiative spearheaded mainly by the Cabinet Office and the Small and Medium Enterprise Agency, we signed on to the Declaration of Partnership Building framework on January 30, 2023. We are committed to mutually beneficial relationships across the entire supply chain and new collaborations that transcend business scale and affiliation. With an emphasis on complying with the promotion criteria, the general standards for subcontractors and parent companies in Japan, we will put an effort into building new partnerships with businesses in the supply chain and other businesses that contribute to value creation.

Access to Healthcare

We have appointed a "Head of Access to Healthcare" based on the Daiichi Sankyo Group Policy on Access to Healthcare and are committed to contributing to the enrichment of quality of life around the world by undertaking activities in three key areas: Research & Development, Availability, and Capacity Building.

Daiichi Sankyo Group Policy on Access to Healthcare



*1 Antimicrobial Resistance
*2 Neglected Tropical Diseases

Research & Development

◉ Targeting rare diseases

We are actively engaged in the development of pharmaceuticals for rare diseases. There is a strong demand in society for such drugs because of the small number of patients and a lack of effective treatment methods. *DS-4108*, a nucleic acid drug that utilizes our proprietary nucleic acid modification technology to target glycogen storage disease type Ia, is currently undergoing pre-clinical studies. Meanwhile, phase 2 clinical trials in Europe and the US have commenced for the TNAP*3 inhibitor *DS-1211*, which targets pseudoxanthoma elasticum*4. Also, *DS-2325* (KLK5 inhibitor), which targets Netherton syndrome*5, has been granted orphan drug and fast track designations by the FDA. Phase 1 clinical trials have commenced in the US.

Leveraging our strengths in Science & Technology, we will continue to embrace the challenge of creating innovative pharmaceuticals to treat rare diseases.

*3 Tissue-nonspecific alkaline phosphatase. A membrane-bound enzyme that degrades pyrophosphate
*4 Degeneration and calcification of elastic fibers leading to tissue dysfunction; an autosomal recessive hereditary disorder that presents with various symptoms in the skin, eyes, cardiovascular system, and gastrointestinal tract
*5 One type of ichthyosis syndrome characterized by congenital ichthyosis complicated with abnormal hair and atopic disorders

◉ AMR initiatives

Bacterial AMR*6 has become a major issue for global public health and the increasing prevalence of these bacteria, against which antibacterial drugs are ineffective, is fueling concerns about elevated infection risks and the impact this might have on surgical procedures and anti-cancer drug treatment. A recent research article*7 reported that the estimated number of deaths globally in 2019 attributable to AMR was 1.27 million and that the situation remains a so-called "silent pandemic" despite the efforts of governments worldwide to implement action plans. To contribute to the advancement of R&D into new antibiotics to combat bacterial AMR, in July 2020 we decided to contribute a total of US$20 million to the AMR Action Fund, which had been set up to support the clinical development of new antibiotics and to realize a sustainable antibiotics market. Please visit the website of the AMR Action Fund for information about our investment.

https://www.amractionfund.com/blog-2022

In addition to our vaccine initiatives, in April 2021 we established the EReDS*8 and commenced activities to stimulate research and development into anti-infective agents. By leveraging our strengths 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.

*6 Antimicrobial resistance
*7 Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis (The Lancet)
*8 Emerging and Re-emerging Infectious Diseases Research Special Team

◉ Combatting Malaria, tuberculosis, and NTDs through GHIT Fund partnerships

We continue to promote partnership-based drug discovery because collaborations with partners that possess networks and cutting-edge scientific knowledge in different global regions can generate synergies in endeavors that we would struggle to accomplish alone. These activities also contribute towards Goal 17 of the SDGs: Partnerships for the goals. Since its establishment in April 2013, 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. In 2023, the GHIT Fund entered its third phase of operations, and we continue to pledge our support and contribute funds. We are currently capitalizing on partnerships formed through the GHIT Fund to undertake several projects, such as screening for active compounds for drugs to treat both Maralia and Chagas disease, the latter considered to be one of the NTDs, and investigating anti-tuberculosis drug candidates from natural products.

◉ Vaccine initiatives

By providing a stable supply of vaccines with a primary focus on influenza HA and the measles-mumps-rubella combination, we aim to enhance Japan's preventive healthcare environment and improve public health and hygiene, which could even be seen as one form of national security. We will also contribute to safeguarding people's health by establishing a technology and production supply system for mRNA vaccines so that we can swiftly provide domestically produced vaccines if there is an outbreak of an emerging/re-emerging infectious disease.

Availability

◉ Expanded access to investigational drugs

In countries and regions where our drugs have not yet been approved, we provide unapproved new drugs through the Expanded Access Program to patients suffering from a serious life-threatening disease or condition who are unable to enroll in an ongoing clinical trial.

For the programs that facilitate the early delivery of medicines to patients in countries and regions where the drugs remain unapproved, we have established a special risk management system to ensure patient safety.

Capacity Building (Improving access to healthcare in developing countries)

◉ Capacity-building projects

In developing countries, limited access to healthcare services is attributable to various factors, such as underdeveloped health insurance schemes and medical infrastructure and shortages of medical professionals. We have formed partnerships with NGOs that have a strong local presence to address these healthcare access challenges.

In FY2022 we launched new projects in Honduras and Vietnam, bringing the total number of projects to six.

Awareness raising activities in Zimbabwe

Cancer screening camp in Nepal

Country	Project	NGO/NPO Partner	Period
Myanmar	Mobile health services with mobile clinic vehicles	Plan International Japan	April 2019–March 2022
Nepal	Breast and cervical cancer screening camp	AMDA Multisectoral & Integrated Development Services	January 2021–December 2023
Zimbabwe	Improving healthcare infrastructure for SRHR*9 and breast/cervical cancer	Plan International Japan	April 2021–March 2024
Kenya	Promoting cervical cancer screening for preventive awareness	Japanese Organization for International Cooperation in Family Planning (JOICFP)	July 2022–June 2025
Honduras	Promoting breast/cervical cancer screening for preventive awareness	AMDA Multisectoral & Integrated Development Services	December 2022–November 2025
Vietnam	Adolescent sexual and reproductive health services for safeguarding maternal and child health	Save the Children Japan	January 2021–May 2025

*9 Sexual and reproductive health and rights

◉ Participation in Access Accelerated initiative

We participate in the Access Accelerated initiative, a partnership launched in 2017 with the goal of improving the prevention, diagnosis, and treatment of NCDs*10 in low- and middle-income countries. Access Accelerated is a collective of more than 20 pharmaceutical companies from Japan, the US, and Europe working in partnership with the World Bank Group and the Union for International Cancer Control. Through the second phase of the initiative that wrapped up at the end of 2022, Access Accelerated leveraged $1.6 billion in investments to help improve access to healthcare for 700 million people across 37 countries. We continue to participate in the third phase of the initiative, primarily in collaboration with the World Bank, and contribute to improving healthcare access. Please visit the Access Accelerated website for more information about the initiative's projects.

https://keylessons.accessaccelerated.org/

*10 Non-communicable diseases; NCDs include cancer, cardiovascular diseases, chronic respiratory diseases, and diabetes

ACCESS ACCELERATED *Moving NCD Care Forward*

VOICE

Providing accurate knowledge of breast and cervical cancer to live a healthy life

Maki Enokita
Program Officer
Plan International Japan

The project in Zimbabwe, which is focused on raising awareness of SRHR and improving medical services for breast and cervical cancer, is making steady progress.

At middle schools, churches, community meetings, shopping centers, and on various other occasions in ward 6 of Mwenezi in Masvingo Province, we have organized awareness campaigns for adolescents and parents concerning the importance of gender equality, as well as the early detection of cervical and breast cancer. Also, through this project, we were able to provide a cervical cancer screening service to HIV-negative individuals in a non-hospital setting in the previously challenging Neshuro area.

The collaboration with Daiichi Sankyo on this project has been a catalyst for strengthening partnerships with various stakeholders, including the Zimbabwean government, the Ministry of Health and Child Care, the Ministry of Women Affairs, local councils, and communities. It is enabling us to advance awareness campaigns for SRHR, breast cancer, and cervical cancer in the region to help local residents lead healthier lives.

Human Rights

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

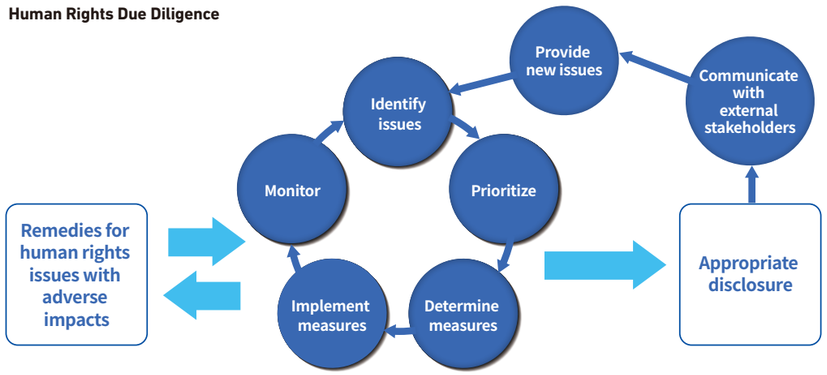
Human Rights Due Diligence

◉ Management systems

After establishing the Daiichi Sankyo Group Human Rights Policy in FY2020, we established the Human Rights Issues Response Team, with the Sustainability Promotion Department as its administrative office, as an internal cross-functional organization to handle human rights due diligence*1 in Japan. We will strive to identify human rights issues through human rights risk assessments and communication with stakeholders, and make efforts to avoid any negative impacts on human rights.

*1 A framework to assess, identify, prevent, and mitigate any actual and 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 desktop survey to examine the status of human rights risk management in five areas (wages, discrimination and inhumane treatment, human rights issues of business partners, human rights of clinical trial participants, and access to healthcare) related to our businesses. In FY2020, we conducted a human rights risk assessment using a questionnaire for all Group companies that operate businesses. We checked the status of each company's initiatives with regard to the items in the table below and confirmed that there were no significant issues in the items related to the ILO*2 Core Labor Standards, including risks of forced labor of foreign workers and child labor, prevention of discrimination, and respect for collective bargaining rights. The results of the assessment are provided as feedback to each Group company to help them improve their initiatives. Based on the results of the questionnaire, in FY2022, we also examined the human rights due diligence system within the Group and made preparations for establishing a human rights due diligence procedure manual. We plan to conduct the assessment every three years, with the second assessment to be conducted in FY2023.

*2 International Labor Organization

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

We believe that in order to fulfill our responsibilities to respect human rights, it is important for executives and employees to deepen their understanding of the relationship between human rights and corporate activities, and we are providing various education and training programs related to human rights. In addition, as an opportunity to reaffirm the importance of addressing human rights issues, the CEO message is delivered to all employees every year on December 10, the World Human Rights Day. In FY2022, we conducted the following educational and training programs.

- E-learning or training on human rights at all Group companies
- Training on business partner management systems at ASCA (Asia, South & Central America)
- Training session for domestic procurement staff to ensure procurement compliance
- Training on business and human rights for management in Japan

Collaboration and Dialogue with Stakeholders

In advancing our human rights initiatives, we believe it is important to seek opinions from external parties and gain insight into the excellent initiatives of other companies. In FY2022, we participated in the B+HR Academy organized by UNDP*3, where we deepened our knowledge of how to identify key human rights issues and how to perform human rights due diligence through dialogue with domestic and foreign experts at the individual guidance sessions.

*3 United Nations Development Programme

Human Rights Issues related to Daiichi Sankyo Group's Business Activities

◉ Human rights in 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*4 , and ICH*5 Good Clinical Practice (GCP)*6 , upon obtaining individuals' voluntary consent after providing detailed information (informed consent).

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.

*4 Ethical principles for medical research involving human subjects
*5 International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
*6 An international ethical, scientific and practical standard to which all clinical research is conducted

◉ Employee health and safety initiatives

We have adopted the Employee 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 developed 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 refer to P82

https://www.daiichisankyo.com/sustainability/our_workplace/employee_health/

Safety of Pharmaceuticals

To deliver safe pharmaceuticals to patients, we have established a system to ensure product quality by managing all processes based on scientific evidence, from importing raw materials to shipping products, and to fulfill our responsibility to 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 (Good Manufacturing Practice) and GDP (Good Distribution Practice). We strive for consistency in quality assurance throughout our whole process, from raw material procurement and storage to pharmaceutical manufacturing, and distribution.

We also regularly conduct audits of both Group companies and business partners in an effort to maintain and strengthen the suitable quality management system and reduce risks. The audits are conducted on all the organizations implementing GMP or GDP within the Group. In FY2022, we continued to conduct both document-based and remote audits. In FY2022, our Group companies underwent 20 regulatory inspections, and 0 significant finding were identified.

Safety Management Structure

We have established internal systems to take every possible safety management measure while also striving to raise employee awareness of safety measures.

In Japan, our marketing supervisor-general, quality assurance supervisor, and safety management supervisor (three key players in manufacturing/marketing) report regularly to the management on the status of quality management and safety management of pharmaceuticals, and the management confirms that quality management and safety management are being properly implemented. In terms of our global operations, in addition to reports on the status of regulatory inspections and quality events related to pharmaceuticals, as well as the status of initiatives to address quality issues, reports are also made to the management on a regular basis regarding the handling of Company-wide/cross-departmental quality risks and issues as well as proposals for continuous improvements and other ideas.

We have established a system to promptly inform governments, wholesalers, medical institutions, and other related parties of any problems connected with the quality, efficacy, or safety of pharmaceuticals and to voluntarily recall such 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. Furthermore, for medical narcotic products shipped beginning December 1, 2022, 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.

We have completed the requirements for all products subject to these obligations. 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.

Mutual Growth of Employees and the Company

We consider "people" to be our most important "asset" as we work towards achieving our Mission and Vision. We are committed to encouraging high levels of engagement and contribution among employees with a view to realizing mutual long-term growth of employees and the Company.

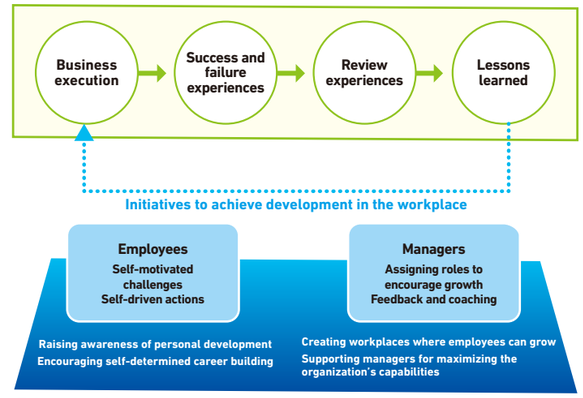
Our Approach to Human Resource Recruitment & Development

When we recruit and employ personnel, we look for people who can get excited about our Purpose of "contributing to the enrichment of quality of life around the world" and can carry out the following three actions: (1) valuing people for who they are as individuals, and welcoming diverse perspectives in their work; (2) treating each other with respect and building trust through transparency and willingness to listen; and (3) learning, experimenting, and taking initiative, which enables us to grow together every day.

Based on the principle of growth through work, we utilize every possible measure related to human resource development. To that end, we support individuals who are willing to challenge and improve themselves on their own accord through self-driven actions to achieve ambitious goals. In proactively implementing the experiential learning cycle shown below, appropriate guidance through feedback and coaching from management and also assigned roles that lead to personal growth can be provided, thereby achieving solid growth.

The Daiichi Sankyo Group's Human Resource Development Policy

Process of Growth through Work



◉ Human resource recruitment initiatives

Through the Global Talent Acquisition project, those in charge of hiring at our global sites (Daiichi Sankyo, Inc. American Regent, Inc., Daiichi Sankyo Europe GmbH, and ASCA*1) exchange opinions and share information with each other about their respective recruitment activities, thereby leveraging each other's knowhow. As an example, global onboarding materials have been produced and are provided to candidates for employment so they can learn about and deepen their understanding of the Company. This also contributes to a higher level of engagement after joining the company. As another initiative, we run an onboarding program at our global sites with the aim of ensuring the successful integration of mid-career recruitments.

*1 Asia, South & Central America

◉ Human resource development initiatives

We have designed and implemented numerous training programs that cater to different purposes. They include role-based training to understand their responsibilities, selection-based training to nurture next-generation leaders, recommendation-based training for enhancing global skills, voluntary training to facilitate self-improvement, a variety of e-learning modules accessible anytime, anywhere, and as many times as needed, transition training to support self-driven career building, and specialized training for different occupations.

Moreover, as part of our efforts to digitally transform the Company, we provide support to employees wishing to take the so-called "IT Passport" exam. More than 2,000 employees have applied to sit the examination. Through these opportunities, both the Company and employees are putting into practice the Core Behaviors "Develop & Grow."

◉ Career support initiatives

In FY2022, after a hiatus of roughly 10 years, we restarted the Career Challenge Program to provide employees with opportunities to challenge themselves to further their careers through self-determined efforts. The broader aim of the program is to effectively encourage an ambitious mindset among employees and foster a new corporate culture. Employees that want to grow can voluntarily apply for positions available within the Company and secure a transfer if they pass the selection process. In FY2022, there were 34 openings under this program and 95 applications were received for 17 of them. As a result, 18 employees were successfully transferred. Going forward, we aim to further expand the Career Challenge Program and promote a shift in mindset towards self-realization (career planning) for more employees. By providing more opportunities to ambitious employees, we hope to foster a culture of challenge and self-improvement.

Our Approach and Initiatives to Inclusion and Diversity (I&D)

We define diversity as encompassing a wide range of differences, including nationality, race, gender, age, disabilities, as well as professional expertise and ways of thinking in different occupations, values, religion, and lifestyle. And by actively embracing the individual diversity of all our employees, we believe each person can fully demonstrate their true potential, which can lead to the expansion of global business and the creation of innovation.

Together with our Group companies in the ASCA region, in FY2022, we joined the Healthcare Businesswomen's Association (HBA) with the aim of empowering women on a global scale (Daiichi Sankyo, Inc. joined in 2020, followed by Daiichi Sankyo Europe GmbH in 2021). The Daiichi Sankyo Group attended the awards ceremony of the HBA, which recognizes employees who have made significant contributions to the healthcare industry. This time, there were 68 nominations in the Group and two employees were selected for the Rising Star Award and one person for the Luminary Award.

▶ For more information on other I&D initiatives, please refer to P26

VOICE

Rising Star Award winner,
R&D Division, Research Function, Discovery Research Laboratories I, Group I*2
Akiko Zembutsu

*2 At the time of the award

I won the Rising Star Award in recognition for my efforts in expanding the DXd-ADC pipeline with external partners, developing a cross-project information sharing system for the efficient global development of new drugs created in research laboratories, and my track record of identifying and proposing improvements to new challenges faced by research laboratories as a result of rapid globalization. At the awards ceremony, I was impressed by how female leaders from different countries praised each other highly for their significant achievements whilst continuing to confront the gender-specific barriers for women that still exist at home and in the workplace. By garnering the support and understanding of my superiors and colleagues, I get the feeling that we are entering an age in which we can overcome these barriers. With people working in many different ways these days, I hope to help foster a corporate culture in which individuals, regardless of gender, can make meaningful contributions to the organization and society by leveraging their respective strengths.

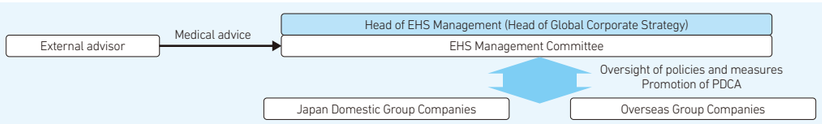
Promoting Occupational Health and Safety

It is imperative that our employees maintain good physical and mental health if we are to realize our Purpose. We consider the health of employees to be a key management resource and we therefore promote health management practices based on an occupational health and safety strategy.

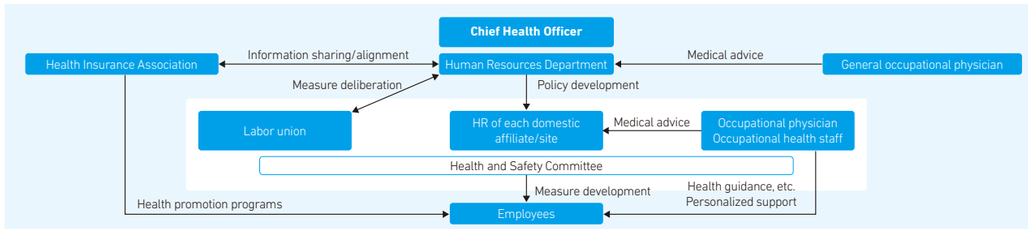
◉ The EHS management promotion structure

The EHS (Environment, Health, and Safety) Management Committee has established a medium-term global occupational health and safety policy, as well as annual measures and the like, in order to promote health and safety initiatives in each country and at each Group company. The committee evaluates activities with two KPIs: (1) lost time injuries frequency rate and (2) the number of employees who took 30 days or more of non-occupational injury or illness leave. It has set targets for these KPIs in an effort to establish healthy and safe workplaces. In FY2022, we developed a system to globally promote EHS matters under the same framework with a view to the integrated authentication of our future environmental management and occupational health and safety management systems. We also conducted EHS audits at two plants in Europe.

Global Structure



Japan Domestic Structure



◉ Initiatives related to health and safety

At all of our global sites we utilize health promotion plans tailored to certain focus areas, such as measures to prevent the onset of lifestyle diseases, mental health measures, and providing opportunities for employees to undergo health checkups. Also, as a safety measure since April 2021, we have implemented an occupational health and safety management system (OHSMS) based on ISO 45001. In FY2022 we called on employees to submit posters and slogans aimed at raising awareness of health and safety and the best entries were then put on display at all of our sites.

In Japan, we have created a Chief Health Officer position to oversee health management. The president has assumed this role to spearhead measures geared towards developing an environment in which employees can stay healthy and safe at work. Evaluation metrics that seek to boost the productivity of employees have been established (see below) and various measures are being carried out centering on the improvement of lifestyle habits, cancer, exercise, and mental health. In FY2022 we developed our own original physical exercise program with the aim of maintaining and improving mobility, and we also produced a promotional video for the program featuring the participation of some 1,000 Group employees in Japan and overseas.

We have also been selected in the White 500 for 2023 as an organization having outstanding health and productivity management.

Evaluation metrics and targets for maintaining and improving health (Japan domestic Group companies)

	Evaluation metric		Benchmark (FY)	FY2022 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)	120 persons	No settings*3	No settings*3	80 persons	Down 20% from the standard value
(2)	Percentage of loss from Presenteeism		18.3% (2020)	16.8%			14%	20% decrease from benchmark
(3)	Percentage of employees with abnormal findings in health checkups	Blood lipids	40.6% (2019)	39.8%			30%	
		Blood pressure	22.9% (2019)	23.9%			16%	
		Hepatic function	21.3% (2019)	20.0%			15%	
(4)	Incidence of accidental falls at work		24 cases (2018)	20 cases			12 cases	50% lower than the standard value
(5)	Percentage of employees dealing with high-stress		4.0% (2020)	5.2%			3.0%	
(6)	Rate of participation in health events		8.1% (2020)	37.0%	15%	35%	40%	Number of participants in event/all employees
(7)	Ratio of conducting specific health guidance		39.6% (2019)	None implemented*4	50%	65%	70%	
(8)	Smoking rate		16.9% (2019)	10.8%	13%	11%	8%	0% in FY2030

*3 Mid-term targets. Targets are not set for a single year.
*4 Due to a change in the timing of health checkups owing to the integration of health checkups and comprehensive medical examinations

◉ Support for diverse work styles

Given that opportunities for communication and meetings that straddle multiple countries and regions have increased in recent years, in the fourth quarter of FY2021, we launched a project called Global Work Style in a bid to resolve the issues that have arisen as a result of this global working style; the main issues being culture, language, differences in work practices, and time differences. Together with a message from the CEO, in April 2022, we globally rolled out a Global Meeting Guideline to serve as the basic concept of the Global Work Style, and then later in September we announced a set of Global Meeting Measures to be adopted by all countries, regions, and units.

Furthermore, at our Group companies in Japan, we are committed to supporting a work-life cycle (WLC) conducive to the creation of a positive cycle between work and personal life based on the belief that not only work experiences but also the sense of fulfillment and satisfaction synergistically generated from time spent outside of work, as well as various experiences and perspectives, knowledge, and ways of thinking, are all important sources that contribute to the mutual growth of individuals and organizations and continuous value creation. So that every employee can realize this kind of WLC, we are promoting the use of flexible work styles not bound by time or location—i.e., systems that offer varied working hours and the option of teleworking. We are also supporting the work-life balance of employees so they can easily juggle childcare or nursing care obligations, or receive medical treatment. In addition, we provide career development support by offering special leave and side job opportunities and we hold different types of seminars and information sessions for the benefit of employees.

External Evaluations in Japan

- 2023 Certified Health and Productivity Management Organizations Recognition Program (Large Enterprise Category)—White 500
- "Gold" at PRIDE Index 2022
- Kurumin / Platinum Kurumin certification
- Eruboshi Certification (three stars)

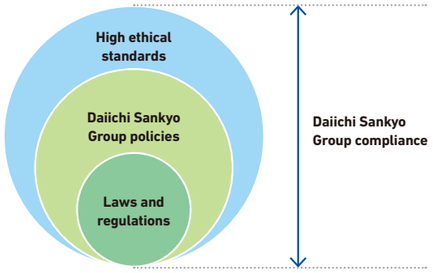
Compliance

Compliance is essential for the sustainable growth of a company. In addition to complying with applicable laws, regulations, and rules, the Daiichi Sankyo Group promotes compliance management, acting with high ethical standards and social decency appropriate for a healthcare company.

Basic Approach

As a pharmaceutical company with global operations, we consider compliance as a way to "continue to earn the trust of a diverse range of stakeholders" and have adopted "Integrity" as one of our core values, making compliance the basis for decision-making and value judgment. In addition to compliance with laws, regulations, and industry rules, we are committed to maintaining high ethical standards that take into consideration not only internal company norms, but also social decency, philosophy, and social contribution.

Accordingly, we established the Daiichi Sankyo Group Corporate Conduct Charter and Daiichi Sankyo Group Employee Code of Conduct. Furthermore, the Company and its Group companies both in Japan and overseas have established their own compliance code of practice that reflects the social demands of each region as specific internal rules based on the spirit of the two charters above, and are thoroughly disseminating these rules among all executives and employees.



Compliance System

We have stipulated the establishment of a compliance system as one of our basic policies for the establishment of an internal control structure, and in accordance with this policy, the Head of Global Compliance & Risk serves as the Compliance Officer and oversees the Group's compliance programs. At Group companies both in Japan and overseas, we promote compliance at each company by having a compliance officer responsible for overseeing the compliance programs at each company. In addition, we promote compliance globally by establishing the Corporate Ethics Committee, which is a deliberative and decision-making body that includes external experts, and the Global Compliance Advisory Committee, which is an advisory body to the Corporate Ethics Committee, chaired by the Vice President of the Compliance & Risk Management Department and composed of compliance officers from Group companies in Europe and the US.

Global Policy

In recent years, companies with global operations have been expected to develop broad policies regarding the Employee Code of Conduct in their respective organizations. We have established and implemented the Daiichi Sankyo Group Employee Code of Conduct, and conduct periodic training sessions to ensure that all employees fully understand this policy. In addition, regulations regarding protection of personal information and bribery and corruption prevention are becoming stricter in many countries around the world, and this is becoming increasingly important for companies with global operations. Therefore, in order to clearly define our global uniform standards and to further ensure their thorough implementation, we have established and implemented the Daiichi Sankyo Group Privacy Policy and the Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy, in addition to setting forth provisions in the Daiichi Sankyo Group Employee Code of Conduct. We will continue striving to further comply with and implement these policies.

Compliance Training and Awareness Activities

Promoting compliance requires ongoing compliance awareness activities, training, and education. We regularly disseminate messages from our CEO regarding the importance of compliance both in Japan and overseas, conducting other educational activities to further raise the compliance awareness of each and every one of our employees.

Each year, we conduct small-group discussion training (interactive training) using original training materials for each organization at Daiichi Sankyo in Japan. Furthermore, we provide annual training by job level for new employees and newly appointed managers. In addition, we regularly conduct training sessions inviting external lecturers for the Company's executives, the presidents and compliance officers of Group companies in Japan. At overseas Group companies, we conduct case studies, e-learning training, and other training programs every year, as appropriate to the circumstances in each region.

Ethical Marketing

In addition to establishing codes at Daiichi Sankyo and its Group companies in accordance with industry codes in each country and region based on the IFPMA Code of Practice (International Federation of Pharmaceutical Manufacturers and Associations Code), we have established the Daiichi Sankyo Group Global Marketing Code of Conduct as a global policy for the purpose of maintaining high standards of interaction with medical professionals, medical institutions, and patient groups, and in promoting pharmaceutical products. This policy states that we must focus on providing pharmaceutical information to medical professionals, offering scientific and educational information, and supporting medical research and education. We promote appropriate marketing activities in accordance with the Code by prohibiting the provision of entertainment, cash, or personal gifts, and by stipulating stricter contractual requirements for compensation to medical professionals and the appropriateness of compensation.

Conducting Compliance Awareness Surveys

As part of the initiatives for "Promoting Compliance Management," one of our Materiality on business foundations, we conduct global awareness surveys on corporate culture among executives and employees, and are tracking the results as a KPI until FY2025. Furthermore, in Japan, we conduct a compliance awareness survey of executives and employees once every three years. The most recent survey was conducted in FY2020 on approximately 9,500 people to analyze their understanding of the Company's Mission and compliance-related norms, as well as the status of compliance practices and internal systems to identify our strengths and issues. We will continue to conduct compliance awareness surveys on a regular basis and use the survey results to help create a culture that builds a foundation for compliance management within the Group.

Introducing a Global Hotline and Utilizing the Compliance Reporting System

We introduced a global hotline that can be used anonymously by employees and outsiders, and each Group company appropriately handles reported cases. In addition, Daiichi Sankyo and its domestic Group companies have established hotlines within each company with dedicated telephone lines and e-mails, as well as harassment reporting and consultation contact points at the Daiichi Sankyo Group Human Resources Department and at each business site to make it easier to report and consult on compliance issues. Furthermore, in response to the revision of the Whistleblower Protection Act in Japan, which took effect in June 2022, we are revising the policies for handling whistleblowing and related matters of each company in Japan. Moreover, we put in place a system for reporting and consulting on misconduct by officers of overseas Group companies. To foster an open workplace environment, we will continue to inform employees of the significance and importance of the hotline as well as the protection of whistleblowers and consulters, and strive to ensure the effective operation of the hotline.

* Compliance-related data for FY2022 (Global)
- Number of reports received: 207
- Response measures: We conducted appropriate investigations for reports we received and deemed to require investigation. Among these, we have taken necessary disciplinary actions, including dismissal, against the offenders in cases where they have been found to be non-compliant.

Note: The data included in this information for FY2022 has been calculated by each Group company on an individual basis and is subject to the impact of regional differences in laws, employment practices, and local policies and procedures.

VOICE

Speak Up Campaign: Promoting Compliance at Daiichi Sankyo Brasil (DSBR)

Tatiane Schofield
Daiichi Sankyo Brasil
Compliance Officer
(Compliance, Legal, Privacy, Internal Audit (IA) & Inst. Affairs, Director)

In my role as Compliance Officer at DSBR, I sincerely hope to foster a culture of mutual respect where employees can freely think and speak their minds.

While culture-building measures have always been an important part of our compliance promotion activities, last year our Compliance Department globally rolled out the Speak Up Campaign to foster a better culture. DSBR installed "Speak up totems" in its Sao Paulo office and Alphaville plant to listen to the voices of its employees and resolved various questions and concerns of employees. In addition, when we featured an episode about Speak Up in a comic strip on the theme of compliance, which we have been using for some time in our compliance awareness activities, it was well received with many employees showing interest.

By continuing these initiatives, I look forward to working with all of you to raise awareness of compliance, and will continue making the right decisions one by one with high ethical standards going forward, taking all laws and regulations related to our daily operations and the policies that are important to us in the Daiichi Sankyo Group seriously.

Speak up totem

Value Chain Activities

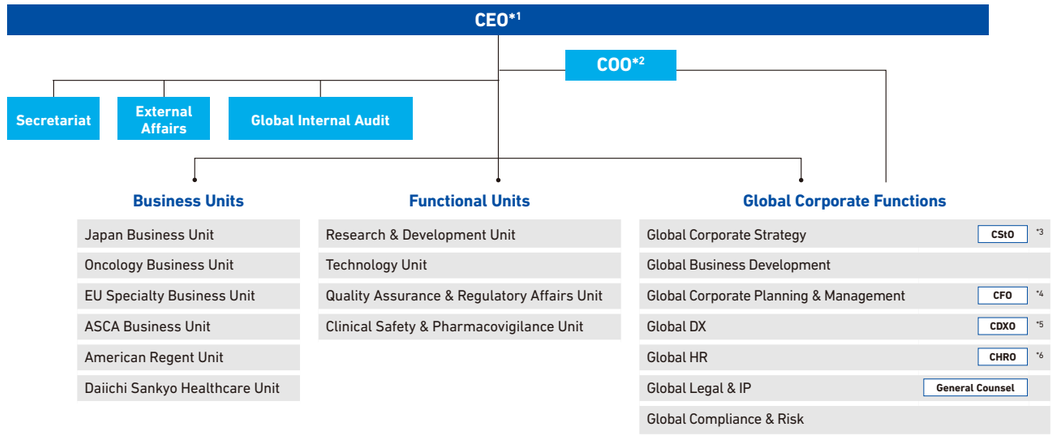
Starting from FY2023, we made some changes to our global management structure: we established the Technology Unit comprising the Biologics, Pharmaceutical Technology, and Supply Chain functions and we reorganized our corporate units into seven global corporate functions. In order to provide better treatment to patients worldwide at the earliest possible opportunity and to expand our business, we work with a global network of members across various functions and regions. In this section we introduce the value chain activities undertaken in FY2022.

Business Units

Organization	Role and Mission	FY2022 Results
Japan Business Unit	The Japan Business Unit aims to comprehensively expand the Company's offerings of innovative pharmaceuticals, including in the oncology field, as well as vaccines and generic drugs, and maximize profits and contribute to the medical community in our Mother Market.	We contributed to medical care by popularizing our major products (*Lixiana*®, *Tarlige*®, etc.) and provided new treatment options to patients with the addition of indications for *Enhertu*® and the launch of *Reyvow*® and *Ezharmia*®. Also, the activities of our medical representatives, medical affairs and the product information center were ranked number one in a third-party questionnaire survey.
Oncology Business Unit	The Oncology Business Unit (OBU) paramount responsibility is to ensure our cutting-edge medicines are accessible to the right patient at the right time so that healthcare professionals and payors in the US, Europe, and Canada can make the best treatment and access decisions for the people they serve. The OBU also provides information about medicines and diseases, as well as a robust support service, as a way of fully supporting patients and caregivers. In addition, the OBU makes decisions on global commercialization strategies.	Due to the US. and EU demand for *Enhertu*, revenue from the OBU increased more than 166% year-over-year one and we have become a market leader for all its indications within 12 months of each launch. With revenue globally in excess of $1.4 billion, *Enhertu* was prescribed to approximately 22,000 patients. The treatment of HER2 low breast cancer with *Enhertu* (post-chemotherapy treatment), which was approved in August 2022 based the groundbreaking data from DESTINY-Breast04, which received a standing ovation when presented at ASCO 2022, will completely transform the way certain breast cancers are treated for thousands of patients and we will continue to support medical facilities, doctors, and customers in this area. We also supported TGCT and IDA patients through delivering *TURALIO*™ and *Injectafer*®.
EU Specialty Business Unit	The EU Specialty Business Division's goal is to protect people from cardiovascular disease – Europe's leading cause of death – through our expertise in providing innovative pharmaceuticals and help those who suffer from it to enjoy every precious moment of life.	We achieved 1 billion Euro in market performance for *Lixiana*. This means that 1.7 million patients in Europe use *Lixiana*, benefit from it and live their lives with improved protection from stroke. In March we reached 100,000 patients on *Nilemdo*® / *Nustendi*® in Europe, an add-on treatment option to take back control over LDL-C (low-density lipoprotein-cholesterol) management. With our portfolio of medicines that help protect from cardiovascular disease, we live up to our commitment: we care for every heartbeat.
ASCA Business Unit	ASCA Business Unit aims to deliver DS products to more patients by making full efforts to promote primary business and to maximize oncology business for the business expansion in ASCA region.	Sales revenue recorded a year-on-year increase of 25.1% climbing up to 142.8 billion JPY, mainly due to growth of *Lixiana* and *Enhertu*. *Lixiana* achieved the No. 1 market share of sales in Taiwan following South Korea. Further, *Enhertu* was launched in Taiwan and South Korea following Brazil and Hong Kong. Operations of new company started in Australia and Singapore, and we are committed to sustainable business growth together with ASCA Affiliates in each region.
American Regent Unit	The American Regent Unit strives to improve human and animal health through the development, manufacture, and delivery of innovative, accessible, and high-quality sterile injectable products..	During 2022, we strengthened our pipeline and expansion in the US with our acquisition of HBT Labs with the anticipation of launching Paclitaxel in 2023. We also met increased demand for our *Venofer*® business and continued our Capital Expansion efforts in Ohio, New York, and Daiichi Sankyo Altkirch Sarl, including our first product shipments out of our New Albany facility. Additionally, we continued advancing our pipeline with seven product launches, 13 FDA submissions, and six approvals.
Daiichi Sankyo Healthcare Unit	The Daiichi Sankyo Healthcare Unit contributes to quality-of-life improvements for people who aspire to be healthier and more beautiful with a wide range of products and services, including OTC drugs, functional skincare and oral care, and food products.	Driven by our major new products of *Lulu Attack Premium* and *Loxonin EX* (topical medication), we posted record-high sales revenue and clinched the second-biggest share (among manufacturers) of the OTC market (all categories) for the very first time. Also, as an initiative aimed at recycling resources, we launched a pilot program "OKUSURI SHEET RECYCLE PROGRAM" for Japan's first-ever consumer-driven scheme to recycle used tablet blister packs.

▶ See P95 for information on financial data of each business unit.

Global Management Structure



*1 Chief Executive Officer
*2 Chief Operating Officer
*3 Chief Strategy Officer
*4 Chief Financial Officer
*5 Chief Digital Transformation Officer
*6 Chief Human Resources Officer

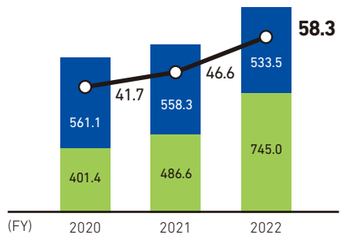
Functional Units

Organization	Role and Mission	FY2022 Results
Research & Development Unit	The Research & Development Unit will continuously promote the creation of competitive pipelines and innovative novel medicines that revolutionize the standard of care, as well as the accelerated submission and secure approval in each country and region. To this end, strategic R&D activities are planned and executed to maximize the value of our 5DXd-ADCs and develop further growth pillars to follow DXd-ADCs.	*Enhertu* has been approved for the following indications: second-line treatment of HER2-positive breast cancer (Japan, the US, Europe, and China), HER2- low breast cancer in patients previously treated with chemotherapy (Japan, the US, and Europe), second-line treatment of HER2-positive gastric cancer (Europe), followed by second-line treatment of HER2 mutated non-small cell lung cancer as the third cancer type for *Enhertu* treatment (the US). In addition, there were notable progress in a number of pipelines, including for *Dato-DXd*, the initiation of a global Phase 3 clinical trial for the first-line treatment of non-small cell lung cancer in combination with an immune checkpoint inhibitor, and for the mRNA vaccine *DS-5670*, the filing for additional immunization for the prevention of COVID-19 (Japan).
Technology Unit	We consistently manage the manufacturing life cycle, from early development, investigational drug/commercial manufacturing to post-marketing change including CMC regulatory affairs. We realize stable product supply, assuring quality, and low-cost production by developing advanced manufacturing technology/process with continuous improvement.	In the situation where demand for *Enhertu* is expanding rapidly, we continued to ensure the steady supply of the product to each country. In addition to shortening the supply lead time and promoting timely/appropriate application for post approval change in each country and region, we promoted the expansion of internal and external manufacturing facilities and technology transfer, in order to expand the clinical trial and commercial supply capacity of 5DXd-ADCs, leading to stable supply over the mid-to-long-term. We also worked on the development of a COVID-19 vaccine that utilizes LNP-mRNA technology as the first Japanese company, established manufacturing technology and analysis methods, and realized the marketing authorization application in January 2023.
Quality Assurance & Regulatory Affairs Unit	The Quality Assurance & Regulatory Affairs Unit adheres to the fundamental principle of "quality first" to ensure the reliability of products and to provide products that are safe and effective. Under compliance, the unit contributes to the maximization of the product value through planning and promoting the pharmaceutical regulatory strategies.	We achieved stable supply by completing pharmaceutical regulatory actions to add new *Enhertu* manufacturing sites, acquiring GMP certifications, and promoting quality assurance measures. Also, in response to the increase in clinical trials and regulatory filings for mainly 3ADCs, we ensured the reliability of application data and completed regulatory inspections by health authorities successfully. We obtained regulatory approval ahead of schedule to add new manufacturing site for regenerative medicine, which consequently contributed to stable supply.
Clinical Safety & Pharmacovigilance Unit	The Clinical Safety & Pharmacovigilance Unit contributes to ensuring patient safety by promptly providing high-quality safety information in a timely manner for all products while expanding oncology products and new modality from development to post-marketing.	Operations under the new global management structure has been started. We ensured global ILD monitoring and management under further expanding the new indication and approved countries with *Enhertu*. We also proceeded to enhance fundamental Pharmacovigilance system by the use of new safety analysis tools and pursuing the global harmonization of the adverse event case management process.

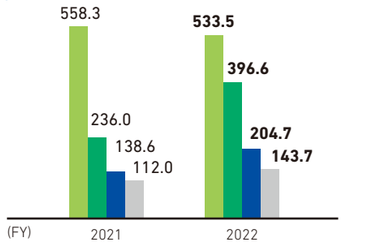
Financial and Non-Financial Highlights

Changes in financial data

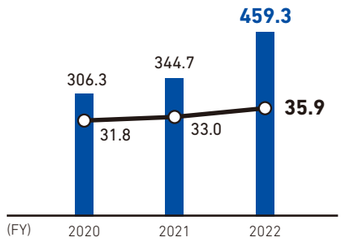
Ratio of outside Japan revenue to consolidated revenue (%)



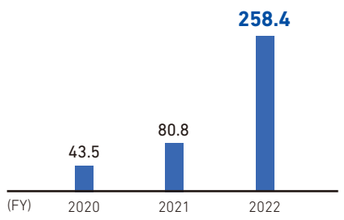
Revenue by segment (Billions of JPY)



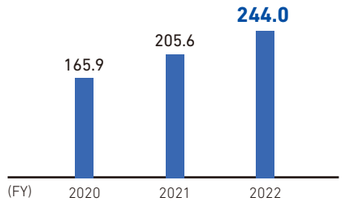
Core operating profit before R&D expenses*1 (Billions of JPY)/percentage (%)



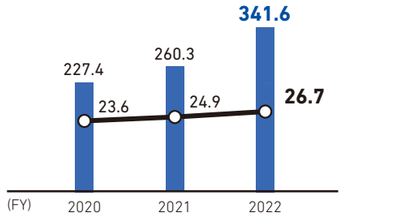
Global revenue (Billions of JPY)*2 *Enhertu*®



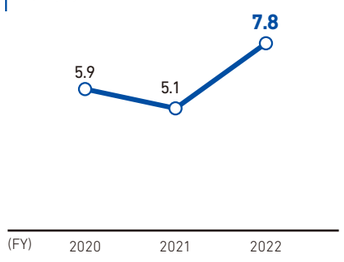
Global revenue (Billions of JPY) *Edoxaban*



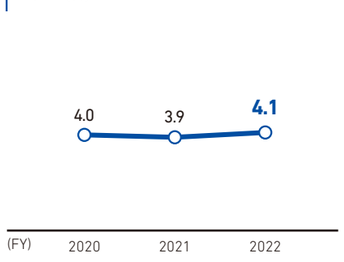
R&D expenses*3 (Billions of JPY) Ratio of R&D expenses to revenue (%)



ROE (%)



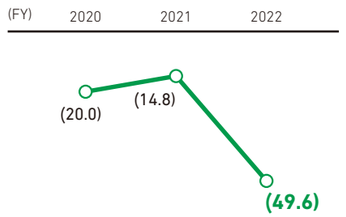
DOE*4 (%)



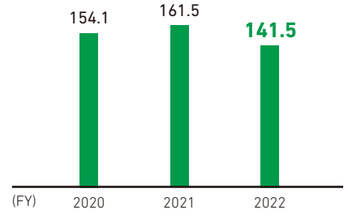
*1 Operating profit excluding temporary income and expenses (income and expenses related to sales of fixed assets etc.)
*2 Revenue including upfront payment, regulatory /sales milestone payment, etc.
*3 R&D expenses: Expenses excluding temporary income/expenses
*4 Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

Changes in environmental data

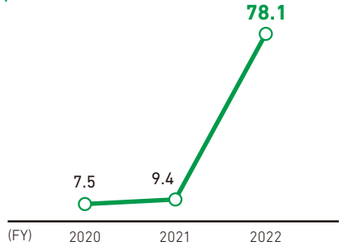
CO_2 emissions (Scope 1 + Scope 2) reduction rate*5 (%)



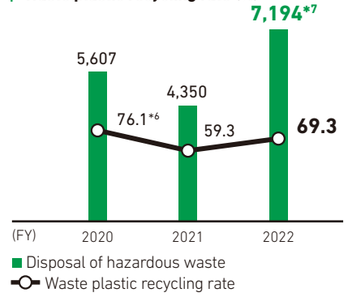
CO_2 emissions (Scope 3, Cat.1) intensity based on sales (t-CO_2/ ¥100 million)



Renewable electricity utilization rate (%)

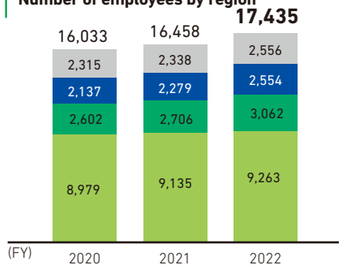


Disposal of hazardous waste (t) Waste plastic recycling rate (%)

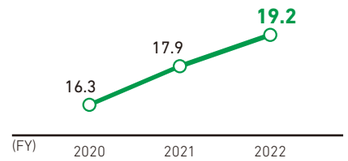


Changes in social data

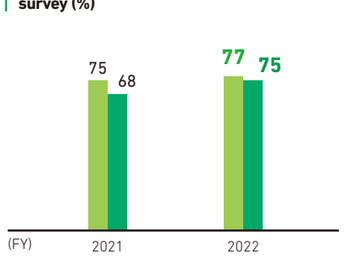
Number of employees by region



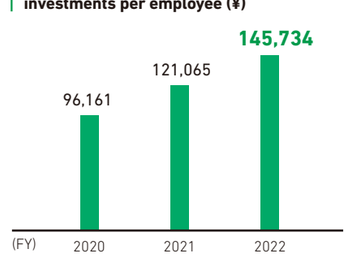
Percentage of female in senior managerial employees (global) (%)



Positive response rate on engagement survey (%)

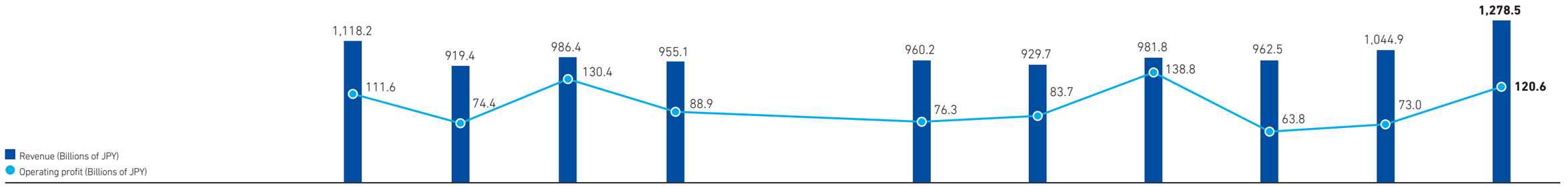


Amount of training/development investments per employee (¥)



*5 Compared to FY2015
*6 Japan only
*7 Includes waste temporarily generated from soil remediation at Odawara plant of Daiichi Sankyo Chemical Pharma Co.

10-Year Financial Summary (IFRS)



(Billions of JPY)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	**FY2022**
Financial Results										
Revenue	1,118.2	919.4	986.4	955.1	960.2	929.7	981.8	962.5	1,044.9	**1,278.5**
Overseas revenue	584.5	392.4	430.7	375.2	341.9	333.8	374.1	401.8	486.6	**745.0**
Ratio of overseas revenue to revenue (%)	52.3	42.7	43.7	39.3	35.6	35.9	38.1	41.7	46.6	**58.3**
Operating profit	111.6	74.4	130.4	88.9	76.3	83.7	138.8	63.8	73.0	**120.6**
Ratio of operating profit to revenue (%)	10.0	8.1	13.2	9.3	7.9	9.0	14.1	6.6	7.0	**9.4**
Profit attributable to owners of the Company	60.9	322.1	82.3	53.5	60.3	93.4	129.1	76.0	67.0	**109.2**
Research and development expenses	191.2	190.7	208.7	214.3	236.0	203.7	197.5	227.4	260.3	**341.6**
Ratio of research and development expenses to revenue (%)	17.1	20.7	21.2	22.4	24.6	21.9	20.1	23.6	24.9	**26.7**
Depreciation and amortization	51.5	42.0	44.3	47.4	46.7	46.2	52.6	57.4	58.2	**67.8**
Capital expenditure	49.2	36.3	23.3	23.9	26.9	38.3	29.0	40.1	56.2	**71.5**
Financial Position										
Total assets	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	**2,508.9**
Total equity	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	**1,445.9**
Cash Flows										
Net increase (decrease) in cash and cash equivalents	(23.7)	(10.7)	45.4	24.4	115.2	(116.7)	186.6	(49.5)	265.3	**(232.9)**
Free cash flows*1	(124.1)	121.5	168.3	39.4	217.0	(50.5)	278.3	153.0	351.6	**(144.3)**
Per Share Information										
Basic earnings per share (JPY)*2	28.86	152.52	39.79	26.54	30.44	48.07	66.40	39.17	34.94	**56.96**
Equity per share attributable to owners of the Company (JPY)*2	464.01	617.43	600.63	591.00	583.11	642.93	671.64	663.85	704.76	**754.09**
Annual dividends per share (JPY)*3	60	60	70	70	70	70	70	27	27	**30**
Main Financial Indicators										
Return on equity attributable to owners of the Company (ROE) (%)	6.5	28.2	6.5	4.4	5.2	7.8	10.1	5.9	5.1	**7.8**
Ratio of equity attributable to owners of the Company to total assets (%)	52.9	65.8	64.8	61.4	59.7	59.8	62.0	61.0	60.8	**57.6**
Ratio of dividends to equity attributable to owners of the Company (DOE) (%)	4.5	3.7	3.8	3.9	4.0	3.8	3.5	4.0	3.9	**4.1**
Price-earnings ratio (PER)	20.1	4.2	21.0	31.5	38.6	35.4	37.3	82.3	76.7	**84.7**
Stock price at the end of the year (JPY)	1,738	1,907	2,502	2,507	3,526	5,100	7,434	3,225	2,680	**4,822**
Market capitalization*4	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	**9,245.4**
Average exchange rates (USD/JPY)	100.24	109.94	120.14	108.42	110.86	110.91	108.75	106.06	112.38	**135.48**
(EUR/JPY)	134.38	138.78	132.57	118.84	129.70	128.40	120.83	123.70	130.56	**140.97**
Number of Employees	32,791	16,428	15,249	14,670	14,446	14,887	15,348	16,033	16,458	**17,435**
Japan	9,145	8,543	8,589	8,648	8,765	8,865	8,754	8,979	9,135	**9,263**
North America	3,402	3,322	2,321	2,464	2,191	2,172	2,380	2,602	2,706	**3,062**
Europe	2,226	2,094	1,997	1,578	1,582	1,778	1,953	2,137	2,279	**2,554**
Others	18,018	2,469	2,342	1,980	1,908	2,072	2,261	2,315	2,338	**2,556**

*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 JPY (interim dividend of 13.5 JPY and year-end dividend of 13.5 JPY) 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 JPY)

	FY2021 (For the year ended March 31, 2022)	**FY2022 (For the year ended March 31, 2023)**
Revenue	1,044,892	**1,278,478**
Cost of sales	353,400	**363,525**
Gross profit	691,491	**914,952**
Selling, general and administrative expenses	362,456	**471,221**
Research and development expenses	260,326	**341,570**
Other income	4,321	**19,101**
Other expenses	3	**680**
Operating profit	73,025	**120,580**
Financial income	6,114	**14,773**
Financial expenses	5,753	**8,480**
Share of profit (loss) of investments accounted for using the equity method	129	**(19)**
Profit before tax	73,516	**126,854**
Income taxes	6,543	**17,666**
Profit for the year	66,972	**109,188**
Profit attributable to:		
Owners of the Company	66,972	**109,188**
Earnings per share		
Basic earnings per share (JPY)	34.94	**56.96**
Diluted earnings per share (JPY)	34.91	**56.91**

Consolidated Statement of Comprehensive Income

(Millions of JPY)

	FY2021 (For the year ended March 31, 2022)	**FY2022 (For the year ended March 31, 2023)**
Profit for the year	66,972	**109,188**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(4,590)	**(2,798)**
Remeasurements of defined benefit plans	5,831	**5,932**
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	62,078	**36,312**
Cash flow hedges	—	**403**
Other comprehensive income for the year	63,319	**39,850**
Total comprehensive income for the year	130,292	**149,038**
Total comprehensive income attributable to:		
Owners of the Company	130,292	**149,038**

Consolidated Statement of Financial Position

(Millions of JPY)

	FY2021 (As of March 31, 2022)	**FY2022 (As of March 31, 2023)**
ASSETS		
Current assets		
Cash and cash equivalents	662,477	**441,921**
Trade and other receivables	266,675	**349,111**
Other financial assets	181,368	**383,205**
Inventories	217,910	**301,608**
Other current assets	16,838	**19,204**
Total current assets	1,345,271	**1,495,051**
Non-current assets		
Property, plant and equipment	304,070	**348,912**
Goodwill	83,555	**98,330**
Intangible assets	163,884	**159,609**
Investments accounted for using the equity method	1,425	**1,306**
Other financial assets	131,509	**130,393**
Deferred tax assets	138,173	**180,096**
Other non-current assets	53,513	**95,188**
Total non-current assets	876,131	**1,013,837**
Total assets	2,221,402	**2,508,889**

(Millions of JPY)

	FY2021 (As of March 31, 2022)	**FY2022 (As of March 31, 2023)**
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	324,784	**424,036**
Bonds and borrowings	20,394	**41,396**
Other financial liabilities	10,766	**11,080**
Income taxes payable	6,910	**21,470**
Provisions	6,795	**7,626**
Other current liabilities	25,616	**24,652**
Total current liabilities	395,268	**530,263**
Non-current liabilities		
Bonds and borrowings	143,067	**101,692**
Other financial liabilities	42,615	**41,647**
Post-employment benefit liabilities	2,624	**1,310**
Provisions	18,290	**16,376**
Deferred tax liabilities	12,444	**12,647**
Other non-current liabilities	256,219	**359,096**
Total non-current liabilities	475,262	**532,770**
Total liabilities	870,530	**1,063,034**
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	**50,000**
Treasury shares	(37,482)	**(36,808)**
Other components of equity	168,147	**200,874**
Retained earnings	1,170,208	**1,231,788**
Total equity attributable to owners of the Company	1,350,872	**1,445,854**
Total equity	1,350,872	**1,445,854**
Total liabilities and equity	2,221,402	**2,508,889**

Consolidated Statement of Changes in Equity

(Millions of JPY)

	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	Cash flow hedges
Balance as of April 1, 2021	50,000	94,494	(261,252)	1,038	70,024	—
Profit for the year	—	—	—	—	—	—
Other comprehensive income for the year	—	—	—	—	62,078	—
Total comprehensive income for the year	—	—	—	—	62,078	—
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	—	—	—	—	—	—
Total transactions with owners of the Company	—	(94,494)	223,770	(216)	—	—
Balance as of April 1, 2022	50,000	—	(37,482)	822	132,103	—
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**36,312**	**403**
Total comprehensive income(loss) for the year	**—**	**—**	**—**	**—**	**36,312**	**403**
Purchase of treasury shares	**—**	**—**	**(24)**	**—**	**—**	**—**
Disposal of treasury shares	**—**	**—**	**698**	**(213)**	**—**	**—**
Dividend	**—**	**—**	**—**	**—**	**—**	**—**
Transfer from other components of equity to retained earnings	**—**	**—**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**
Total transactions with owners of the Company	**—**	**—**	**674**	**(213)**	**—**	**—**
Balance as of March 31, 2023	**50,000**	**—**	**(36,808)**	**608**	**168,415**	**403**

(Millions of JPY)

	Equity attributable to owners of the Company					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Total equity
Balance as of April 1, 2021	40,416	—	111,479	1,277,332	1,272,053	1,272,053
Profit for the year	—	—	—	66,972	66,972	66,972
Other comprehensive income for the year	(4,590)	5,831	63,319	—	63,319	63,319
Total comprehensive income for the year	(4,590)	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)	—	—
Dividend	—	—	—	(51,744)	(51,744)	(51,744)
Transfer from other components of equity to retained earnings	(604)	(5,831)	(6,435)	6,435	—	—
Total transactions with owners of the Company	(604)	(5,831)	(6,652)	(174,096)	(51,473)	(51,473)
Balance as of April 1, 2022	35,221	—	168,147	1,170,208	1,350,872	1,350,872
Profit for the year	**—**	**—**	**—**	**109,188**	**109,188**	**109,188**
Other comprehensive income for the year	**(2,798)**	**5,932**	**39,850**	**—**	**39,850**	**39,850**
Total comprehensive income for the year	**(2,798)**	**5,932**	**39,850**	**109,188**	**149,038**	**149,038**
Purchase of treasury shares	**—**	**—**	**—**	**—**	**(24)**	**(24)**
Disposal of treasury shares	**—**	**—**	**(213)**	**(194)**	**290**	**290**
Dividend	**—**	**—**	**—**	**(54,632)**	**(54,632)**	**(54,632)**
Transfer from other components of equity to retained earnings	**(976)**	**(5,932)**	**(6,909)**	**6,909**	**—**	**—**
Others	**—**	**—**	**—**	**309**	**309**	**309**
Total transactions with owners of the Company	**(976)**	**(5,932)**	**(7,123)**	**(47,607)**	**(54,056)**	**(54,056)**
Balance as of March 31, 2023	**31,446**	**—**	**200,874**	**1,231,788**	**1,445,854**	**1,445,854**

Consolidated Statement of Cash Flows

(Millions of JPY)

	FY2021 (For the year ended March 31, 2022)	**FY2022 (For the year ended March 31, 2023)**
Cash flows from operating activities		
Profit before tax	73,516	**126,854**
Depreciation and amortization	58,245	**67,789**
Impairment losses (reversal of impairment losses)	10,446	**19,083**
Financial income	(6,114)	**(14,773)**
Financial expenses	5,753	**8,480**
Share of (profit) loss of investments accounted for using the equity method	(129)	**19**
(Gain) loss on sale and disposal of non-current assets	(2,700)	**(11,228)**
(Increase) decrease in trade and other receivables	(19,060)	**(64,584)**
(Increase) decrease in inventories	(603)	**(80,664)**
Increase (decrease) in trade and other payables	13,290	**54,135**
Others, net	28,107	**50,057**
Subtotal	160,750	**155,169**
Interest and dividends received	2,836	**7,674**
Interest paid	(1,779)	**(2,080)**
Income taxes paid	(22,580)	**(46,248)**
Net cash flows from (used in) operating activities	139,226	**114,514**
Cash flows from investing activities		
Payments into time deposits	(180,675)	**(481,799)**
Proceeds from maturities of time deposits	316,820	**332,503**
Acquisition of securities	(328,952)	**(322,031)**
Proceeds from sale and redemption of securities	476,150	**285,068**
Acquisitions of property, plant and equipment	(62,736)	**(60,749)**
Proceeds from sale of property, plant and equipment	5,260	**9,941**
Acquisition of intangible assets	(13,946)	**(6,617)**
Acquisition of subsidiaries	—	**(30,812)**
Proceeds from sale of subsidiaries	—	**8,302**
Proceeds from collection of loans receivable	379	**311**
Others, net	40	**8,101**
Net cash flows from (used in) investing activities	212,339	**(257,782)**
Cash flows from financing activities		
Repayments of bonds and borrowings	(20,391)	**(20,394)**
Purchase of treasury shares	(15)	**(24)**
Proceeds from sale of treasury shares	0	**0**
Dividends paid	(51,730)	**(54,616)**
Repayments of lease liabilities	(14,095)	**(14,560)**
Others, net	0	**0**
Net cash flows from (used in) financing activities	(86,231)	**(89,594)**
Net increase (decrease) in cash and cash equivalents	265,334	**(232,862)**
Cash and cash equivalents at the beginning of the year	380,547	**662,477**
Effect of exchange rate change on cash and cash equivalents	16,595	**12,306**
Cash and cash equivalents at the end of the year	662,477	**441,921**

Consolidated Financial Results for FY2022

Consolidated financial results

(Billions of JPY)

	FY2021 results	FY2022 results	YoY	
Revenue	1044.9	**1278.5**	**233.6**	**(+22.4%)**
Cost of sales*	348.0	**349.1**	**1.0**	
Selling, general, and administrative (SG&A) expenses*	352.1	**470.1**	**118.0**	
Research and development (R&D) expenses*	254.1	**336.7**	**82.6**	
Core operating profit*	90.6	**122.6**	**32.0**	**(+35.3%)**
Temporary income*	3.9	**21.9**	**18.0**	
Temporary expenses*	21.5	**23.9**	**2.4**	
Operating profit	73.0	**120.6**	**47.6**	**(+65.1%)**
Profit before tax	73.5	**126.9**	**53.3**	**(+72.5%)**
Profit attributable to owners of the Company	67.0	**109.2**	**42.2**	**(+63.0%)**

* Daiichi Sankyo Group (hereinafter, "the Group") discloses 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.
This table shows the actual results of cost of sales, selling, general and administrative expenses, and research and development expenses, exclusive of temporary income and expenses. The adjustment table from operating profit to core operating profit is stated in the reference data.

JPY exchange rates for major currencies (annual average rate)

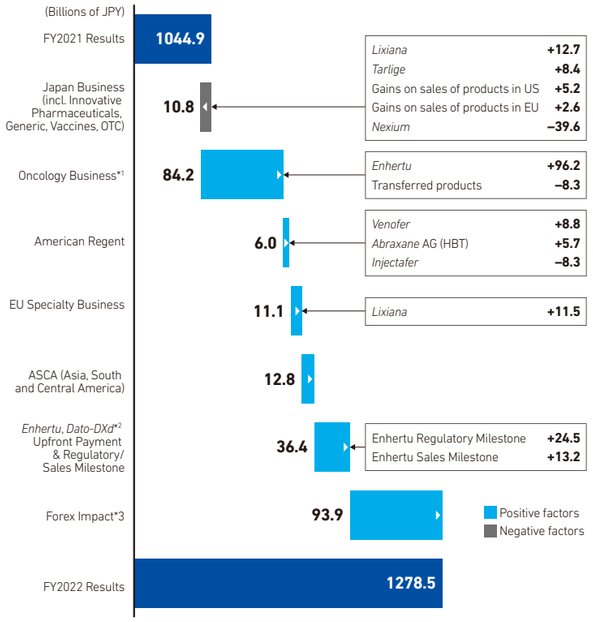
	FY2021 results	FY2022 results	YoY
USD/JPY	112.38	**135.48**	**+23.10**
EUR/JPY	130.56	**140.97**	**+10.41**

1. Revenue

Consolidated revenue in FY2022 increased by ¥233.6billion, or 22.4 % year on year, to ¥1278.5 billion.

The foreign exchange impact placed upward pressure on revenue to the extent of ¥93.9billion. When the impact is excluded, the increase in revenue was ¥139.7 billion.

Revenue
Increased by ¥233.6billion (increased by ¥139.7 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: +¥64.1 billion, EUR: +¥14.0 billion, ASCA: +¥15.8 billion

Although our Japan Business Unit saw an increase in the sales of *Lixiana*® and *Tarlige*® as well as the contribution of the gain on the sales of transferring products in Europe and the United States—outside the jurisdiction of the Business Unit—we also saw decreased revenue due to the end of co-promotion of *Nexium*® in FY2021, which ultimately resulted in a revenue decrease of ¥10.8 billion.

Regarding our Oncology Business Unit, although the sales of products transferred August 2022 decreased, the sales of *Enhertu*® increased in the United States and Europe, leading to a revenue increase of ¥84.2 billion.

American Regent Unit saw a revenue increase of ¥6.0 billion in spite of a revenue decrease for *Injectafer*® due to increased sales of *Venofer*® as well as the contribution of *Abraxane*®, an authorized generic —which is handled by HBT Labs, a company that was acquired August 2022.

Regarding our EU Specialty Business Unit, sales of *Lixiana* increased, resulting in a revenue increase of ¥11.1 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 ¥36.4 billion. In terms of regulatory milestones for *Enhertu*, many new indications were added to the drug, resulting in a total revenue increase of ¥24.5 billion.

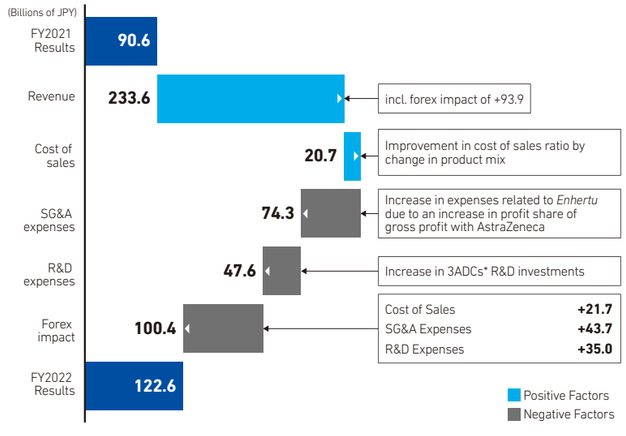
Enhertu also saw a sales milestone in that we recorded a result of US$100 million (¥13.2 billion) due to the achievement of single-year product sales of US$1.0 billion in regions where we engaged in co-promotion with AstraZeneca.

2. Core operating profit

Core operating profit in FY2022 increased by ¥32.0 billion, or 35.3 % year on year, to ¥122.6 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 ¥38.5 billion.

Core operating profit
Increased by ¥32.0billion (increased by ¥38.5billion excl. forex impact)



* 3ADCs: 1) *Enhertu*, Trastuzumab deruxtecan (*T-DXd, DS-8201*), 2) Datopotamab deruxtecan (*Dato-DXd, DS-1062*) and 3) Patritumab deruxtecan (*HER3-DXd, U3-1402*)

Revenue increased by ¥233.6 billion, including a revenue increase of ¥93.9 billion due to the foreign exchange impact.

Although revenue increased, the cost of sales decreased by ¥20.7 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 ¥74.3 billion due to increased profit sharing with AstraZeneca related to *Enhertu* and other factors.

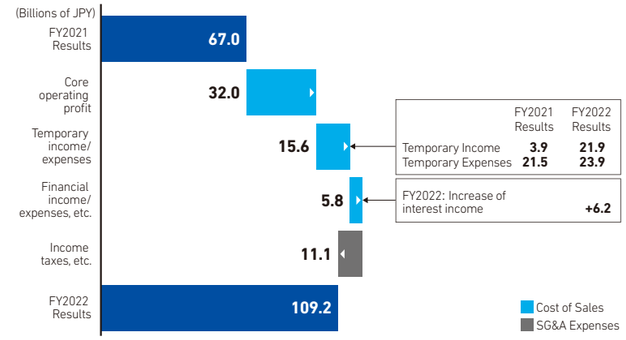
R&D expenses increased by ¥47.6 billion due to increased investment in 3ADCs research and development.

Costs increased by a total of ¥100.4 billion due to the impact of foreign exchange, and the actual increase in our core operating profit excluding this impact was ¥38.5 billion.

3. Profit attributable to owners of the Company

Profit attributable to owners of the Company increased ¥42.2billion, or 63.0% year on year, to ¥109.2 billion.

Profit attributable to owners of the Company
Increased by ¥42.2 billion



Income Taxes etc.

(Billions of JPY)

	FY2021 Results	FY2022 Results	YoY
Profit before Tax	73.5	**126.9**	**+53.3**
Income Taxes etc.	6.5	**17.7**	**+11.1**
Tax rate	8.9%	**13.9%**	**+5.0%**

Core operating profit increased by ¥32.0 billion, including the impact of foreign exchange.

Temporary income/expenses increased our profit by ¥15.6 billion year on year.

In terms of our temporary income, last year, we recorded ¥2.1 billion in gains related to the sale of fixed assets when we transferred Osaka logistics center to TAIYO PHARMA TECH, and, this year, we recorded ¥8.1 billion in gains related to the sale of our Kyushu Branch building, ¥5.9 billion in gains related to the transfer of Daiichi Sankyo Beijing, and ¥3.2 billion in gains on the reversal of costs related to the closure of Plexxikon, etc.

In terms of our temporary costs, last year, we recorded an impairment loss of ¥10.4 billion related to Zelbolaf, etc. as well as environmental expenditures of ¥9.5 billion related to our former Yasugawa plant, and, this year, we recorded an impairment loss of ¥14.2 billion related to *TURALIO*™ as well as an impairment loss of ¥6.3 billion related to *DS-5141*, which we stopped developing.

Financial income/expenses, etc. increased our profit by ¥5.8 billion year on year due to an increase in our interest income.

Income taxes, etc. increased by ¥11.1 billion year on year due to an increase in our profit before tax.

Financial Position

1. Assets, liabilities, and equity

◉ Assets

Total assets as of the fiscal year-end were ¥2,508.9 billion, an increase of ¥287.5 billion from the previous fiscal year-end, mainly due to increases in other financial assets (current assets) and inventories, which were partially offset by a decrease in cash and cash equivalents,

◉ Liabilities

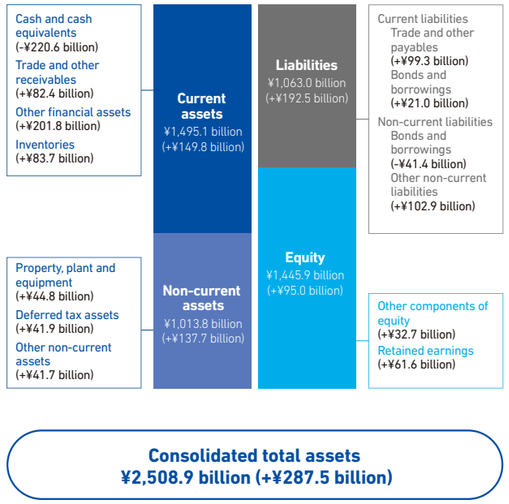
Total liabilities as of the fiscal year-end were ¥1,063.0 billion, an increase of ¥192.5 billion from the previous fiscal year-end, mainly due to increases in trade and other payables and other non-current liabilities, which were partially offset by a decrease in bonds and borrowings (non-current liabilities).

◉ Equity

Total equity as of the fiscal year-end was ¥1,445.9 billion, an increase of ¥95.0 billion from the previous fiscal year-end, mainly because of the profit for the year and increases in other components of equity, which were partially offset by dividend payments.

Summary of consolidated statement of financial position

As of March 31, 2023: parentheses ( ) indicate comparison to March 31, 2022



Consolidated total assets ¥2,508.9 billion (+¥287.5 billion)

2. Cash flows

Cash and cash equivalents decreased by ¥220.6 billion during the year ended March 31, 2023 to ¥441.9 billion.

◉ Cash flows from operating activities

Net cash inflows from operating activities totaled ¥114.5 billion (previous year: ¥139.2 billion inflow), mainly due to cash inflows from the sales-related milestones and regulatory milestones of *Enhertu* and the upfront fee of the strategic collaboration regarding datopotamab deruxtecan besides profit before tax (¥126.9 billion) and non-cash items such as depreciation and amortization (¥67.8 billion).

◉ Cash flows from investing activities

Net cash outflows from investing activities totaled ¥257.8 billion (previous year: 212.3 billion inflow), mainly due to payments into time deposits, acquisitions of property, plant and equipment and acquisition of subsidiaries.

◉ Cash flows from financing activities

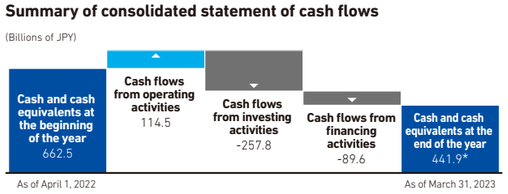
Net cash outflows from financing activities totaled ¥89.6 billion (previous year: ¥86.2 billion outflow), which reflected spending on dividend payments and repayments of borrowings.

(Billions of JPY)

	FY2021 Results	FY2022 Results	YoY
Cash flows from operating activities	139.2	**114.5**	**–24.7**
Cash flows from investing activities	212.3	**–257.8**	**–470.1**
Cash flows from financing activities	–86.2	**–89.6**	**–3.4**
Net increase(decrease) in cash and cash equivalents	265.3	**–232.9**	**–498.2**
Effect of exchange rate change on cash and cash equivalents	16.6	**12.3**	**–4.3**
Cash and cash equivalents at the end of the year	662.5	**441.9**	**–220.6**
Free cash flows*	351.6	**–143.3**	**–494.9**

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

Summary of consolidated statement of cash flows



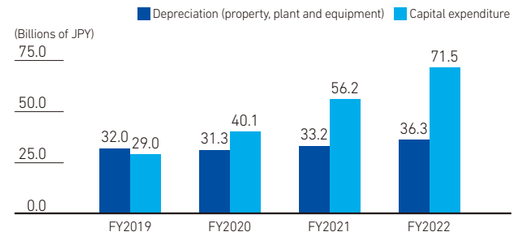
* Incl. effect of exchange rate (¥12.3 billion)

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 FY2022 was ¥71.5 billion.

(Billions of JPY)

	FY2020 results	FY2021 results	YoY
Capital expenditure (Construction Base)	56.2	**71.5**	**15.3**
Depreciation (property, plant and equipment)	33.2	**36.3**	**3.1**



Forecast for FY2023

Regarding revenue, the Company is expecting a 13.4% increase in revenue year on year, to ¥1,450.0 billion by revenue increase from our mainstay products such as *Enhertu*, *Lixiana* and *Tarlige* although there are factors of decrease in revenue such as the NHI drug price revision in Japan.

Core operating profit is expected to increase by 14.2% to ¥140.0 billion year on year due to the expected increase in gross profit by an increased revenue, despite the expected increase in expenses resulting from the intensive investment in the oncology business, including the increase of profit share payments to AstraZeneca due to increased sales of *Enhertu* and the expansion of 5DXd-ADCs development plan, etc.

Operating profit is expected to increase by 12.0% to ¥135.0 billion year on year due to the expected recording of temporary expenses.

Profit for the year and profit attributable to owners of the Company are expected to be ¥115.0 billion each, which is 5.3% increase year on year.

Forecast of consolidated financial results for FY2023

(Billions of JPY)

	FY2022 results	FY2023 forecast	YoY	
Revenue	1,278.5	**1,450.0**	**171.5**	**(+13.4%)**
Core operating profit	122.6	**140.0**	**17.4**	**(+14.2%)**
Operating profit	120.6	**135.0**	**14.4**	**(+12.0%)**
Profit before tax	126.9	**135.0**	**8.1**	**(+6.4%)**
Profit attributable to owners of the Company	109.2	**115.0**	**5.8**	**(+5.3%)**

JPY exchange rates for major currencies (annual average rate)

	FY2022 results	FY2023 forecast
USD/JPY	135.48	**130.00**
EUR/JPY	140.97	**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, 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 FY2022, our total dividends amounted to ¥30 per share (a dividend increase of ¥3), including interim dividends of ¥15 per share and year-end dividends of ¥15 per share, as a result of the sales revenue of *Enhertu*—the most important product under our current 5-year business plan—increasing more than expected, which caused us to increase the dividends sooner than initially planned.

Our DOE ratio for the year was 4.1%, and we will continue to aim for a DOE ratio of 8% or more in FY2025.

For FY2023, based on the shareholder return policy of the current 5-year business plan, we intend to pay an annual dividend of ¥34 per share due to an increased likelihood of achieving our major FY2025 financial targets as a result of increased sales of *Enhertu*, etc.

Major Products

Japan Business Unit (Revenue of ¥457.9 billion for FY2022, decrease of ¥31.6 billion year on year)

Brand Name (Generic Name)	Efficacy	Launched	Remarks	Revenue (Billions of JPY)	
				FY2022 results	YoY
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.	6.3	1.6
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.	11.7	2.2
Tarlige (mirogabalin)	Pain treatment	2019	An α2δ ligand. The pain therapy agent to reduce the neurotransmitter release from nerve terminals.	38.5	8.4
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.	16.3	(0.5)
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.	21.9	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.	20.9	4.2
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.	40.2	2.3
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.	21.9	(1.7)
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	(0.1)
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.	105.1	12.7
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).	18.5	(3.6)
(Daiichi Sankyo Espha products)				86.0	3.3
(Vaccines business)				13.4	(1.3)

Japan Business Unit (Daiichi Sankyo Espha products)

Brand Name	Efficacy
Olmesartan	Antihypertensive agent
Memantine OD	Alzheimer's disease treatment
Febuxostat	Hyperuricemia treatment agent
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

Oncology Business Unit (Revenue of ¥185.4 billion for FY2022, increased of ¥115.8 billion year on year)

Brand Name (Generic Name)	Efficacy	Launched	Remarks	Revenue (Billions of JPY)	
				FY2022 results	YoY
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.	181.6	127.2
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.	3.8	1.0

American Regent Unit (Revenue of ¥187.4 billion for FY2022, increased of ¥37.9 billion year on year)

Brand Name (Generic Name)	Efficacy	Launched	Remarks	Revenue (Billions of JPY)	
				FY2022 results	YoY
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	54.0	0.9
Venofer (iron sucrose injection)	Iron deficiency anemia treatment	2000	Iron replacement product. Effective for treatment of iron deficiency anemia in dialysis patients, etc.	51.3	17.5

EU Specialty Business Unit (Revenue of ¥150.4 billion for FY2022, increased of ¥22.2 billion year on year)

Brand Name (Generic Name)	Efficacy	Launched	Remarks	Revenue (Billions of JPY)	
				FY2022 results	YoY
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.	7.1	3.9
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.	117.1	20.2
Olmetec		2002	*Olmetec*: Olmesartan		
Olmetec Plus		2005	*Olmetec Plus*: A combination drug of olmesartan medoxomil and hydrochlorothiazide (diuretic)		
Sevikar	*(olmesartan)*	2009	*Sevikar*: A combination drug of olmesartan medoxomil and amlodipine besylate (calcium channel blocker)	20.0	(0.3)
Sevikar HCT		2010	*Sevikar HCT*: A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and amlodipine besylate		

ASCA Unit (Revenue of ¥142.8 billion for FY2022, increased of ¥28.6 billion year on year)

Brand Name (Generic Name)	Efficacy	Launched	Remarks	Revenue (Billions of JPY)	
				FY2022 results	YoY
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.	14.2	12.8
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.	18.7	4.4

Daiichi Sankyo Healthcare Unit (Revenue of ¥70.3 billion for FY2022, increased of ¥5.6 billion year on year)

Brand Name	Efficacy
Lulu	Combination cold remedy
*Loxonin**	Antipyretic analgesic / topical anti-inflammatory analgesic
Transino	Melasma improvement / treatment against spots and freckles
Minon	Skincare
Brightage	Skincare
Clean Dental	Oral care

* An OTC drug

Enhertu

Lixiana

Lulu

Minon

Corporate Profile / Main Group Companies

Corporate Profile (As of March 31, 2023)

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	17,435
Headquarters	3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan
Offices	Hokkaido, Tohoku, Tokyo, Chiba, Saitama, Kanagawa, Kitakantou, Koushinetsu, Tokai, Keiji, Hokuriku, Osaka, Hyogo,Chugoku, Shikoku, and Kyushu

Number of Bases (As of April 1, 2023)

Group companies	Number of countries/ regions with bases	R&D bases	Production bases
52	29	18 bases in 10 countries/ regions	13 bases in 6 countries/ regions

Sales
Manufacturing
Research and development

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 9,263

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 ApS.
Daiichi Sankyo Northern Europe GmbH

Number of Employees 2,554

North America

Daiichi Sankyo, Inc.
American Regent, Inc.

Number of Employees 3,062

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 2,556

ESG (Environmental, Social, and Governance) Data

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

Environmental

Promoting Environmental Management

Aspect	Classification	Items		Scope*1	Unit	FY2020	FY2021		FY2022
CO_2	CO_2 emissions			In Japan	t-CO_2	130,572	143,774	☑	66,798
				Global	t-CO_2	182,865	191,399	☑	109,735
	CO_2 emissions by Greenhouse Gas Protocol classification	Scope 1*2		In Japan	t-CO_2	69,103	68,736	☑	64,388
				Global	t-CO_2	86,785	88,249	☑	86,006
		Scope 2*2		In Japan	t-CO_2	61,468	75,038	☑	2,409
				Global	t-CO_2	96,080	103,150	☑	23,729
		Scope 3 (Category 1)		Global*13	t-CO_2	609,954	513,874	☑	1,809,230
Energy*3	Total energy used*4			In Japan	MWh	477,955	503,727	☑	500,873
				Global	MWh	641,975	678,890	☑	680,723
	Electricity			Global	MWh	201,611	208,383		50,609
	Renewable electricity			Global	MWh	16,505	21,596		179,962
	Renewable electricity utilization rate			Global	%	7.5	9.4	☑	78.1
Water resources	Water used			Plants and research facilities (global)	1,000m^3	8,395	8,486	☑	8,261
	Wastewater			Plants and research facilities (global)	1,000m^3	8,113	8,464	☑	8,090
Waste	Total amount of waste discharged(outsourced waste treatment)*14			Plants and research facilities (global)	t	11,936	9,998	☑	12,189
	Waste plastic recycling rate*5			Plants and research facilities (global)	%	76.1	59.3	☑	69.3
	Disposal of hazardous waste*14			Plants and research facilities (global)	t	5,607	4,350	☑	7,194

Social

Mutual Growth of Employees and the Company

Aspect	Classification	Items			Scope*1	Unit	FY2020	FY2021		FY2022
Employees	Employee data*6	Number of employees by region			In Japan	Persons	8,979	9,135	☑	9,263
					Outside Japan	Persons	7,054	7,323	☑	8,172
					Global	Persons	16,033	16,458	☑	17,435 *15
		Number of male employees			In Japan	Persons	6,683	6,753	☑	6,792
					Outside Japan	Persons	3,410	3,504	☑	3,701
					Global	Persons	10,093	10,257	☑	10,493
		Number of female employees			In Japan	Persons	2,296	2,382	☑	2,471
					Outside Japan	Persons	3,644	3,819	☑	4,469
					Global	Persons	5,940	6,201	☑	6,940
		Average years of service	In Japan	Male	Years	20.9	21.1		21.4
				Female	Years	15.1	15.4		15.2
				All	Years	19.4	19.6		19.7
		New employees	In Japan	Male	Persons	187	166		198
				Female	Persons	140	136		135
				All	Persons	327(non-consolidated 211)	302(non-consolidated 155)		333
			Global	Male	Persons	777	769		983
				Female	Persons	749	842		1,180
				All	Persons	1,526	1,611		2,164 *15
Employees	Diversity *6	Percentage of female employees	In Japan		%	25.6	26.1	☑	26.7
			Outside Japan		%	51.7	52.2	☑	54.7
			Global		%	37.0	37.7	☑	39.8
		Managerial employees (female)	In Japan		Persons	235	248	☑	267
					%	7.9	8.4	☑	9.1
			Outside Japan		Persons	1,258	1,357	☑	1,755
					%	49	49	☑	53
			Global		Persons	1,493	1,605	☑	2,022
					%	26.9	28.1	☑	32.4
		Female senior managerial employees*7	In Japan		%	3.7	4.4		5.6
			Global		%	16.3	17.9		19.2
		Employment rate of people with physical or mental disabilities	In Japan		%	2.34	2.35	☑	2.44
		Positive response rate (%) on corporate culture & work environment through engagement survey	Global		%	—	75		77
	Human resource development	Aggregate amount of training time by level of seniority	In Japan		Hours	20,868	30,456		28,418
		Amount of training/development investments per employee	Global		Yen	96,186	121,065		145,734
		Turnover rate (due to personal reasons)	Global		%	4.1	5.2		3.9
		Positive response rate (%) on development & growth opportunities through engagement survey	Global		%	—	68		75

Mutual Growth of Employees and the Company

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021		FY2022
Employees	Occupational health and safety	Lost time injuries frequency rate*8	In Japan	—	0.12	0.17	☑	0.17
			Outside Japan*16	—	2.09	2.31	☑	2.03
			Global*16	—	1.01	1.11	☑	1.05
		Occupational accident fatalities	Global	Persons	0	0	☑	0
	Labor union	Coverage of collective bargaining	In Japan	%	100	100		100
			Global	%	82	88		89

Enhancement of Communication with Stakeholders

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021	FY2022
Patients and medical professionals	Evalutaion of corporate stance and MR activities	Overall assessment of MRs (all responding physicians)	In Japan	Rank	1st	1st	1st *9
		Overall assessment of MRs (hospital doctors)	In Japan	Rank	1st	1st	1st *9
		Overall assessment of MRs (private-practice physicians)	In Japan	Rank	1st	1st	1st *9
	Number of inquiries received by the product information center from outside the company (prescription pharmaceuticals)		In Japan	Cases	70,000	70,000	60,000

Improving Access to Healthcare

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021	FY2022
Social	Number of people received breast cancer/cervical cancer screening	Aggregate (January to March)	In Nepal	Persons	186	1,091	1,006
	Number of participants in breast cancer/cervical cancer awareness events	Aggregate (April to March)	In Zimbabwe	Persons	—	3,651	13,384
	Number of development projects conducted through the GHIT Fund*10	Aggregate (January to December)		Cases	6	4	4

Social Contribution Activities

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021	FY2022
Social	Amount of contributions		In Japan	¥ Million	1,464	1,356	1,423
Employees	Number of employees taking short-term volunteer leave		In Japan	Persons	0	7	0

Governance

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021	FY2022
Governance	Structure of Board of Directors	Number of 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 and 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 to Members of the Board	Total	Non-consolidated	¥ Million	547	959	1,092
	Remuneration to Members of the Audit and Supervisory Board	Total	Non-consolidated	¥ Million	120	154	154

Promoting Compliance Management

Aspect	Classification	Items	Scope*1	Unit	FY2020	FY2021	FY2022
Compliance	Compliance training	Total	In Japan	Persons	615	549	599
	Training on Daiichi Sankyo Group Employee Code of Conduct	Number of employees participating in e-learning and group training	In Japan	Persons	9,167	9,412	9,454
			Outside Japan	Persons	4,813	Approx. 4,270	2,370
	Periodic employee survey on ethical culture*5	Positive response rate	Global	%	—	84	—
	Compliance data	Number of allegations received	Global	Cases	185	157	207
	GVP*11 training	Ratio of GVP-related employees undergoing training	Non-consolidated	%	100	100	100
		Number of employees (excluding GVP-related employees) undergoing training	Non-consolidated	Persons	5,849	5,873	5,909
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	141	127	79
	Number of recalls (ClassI*12)	Number of recalls	Global	Cases	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 regulation 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 heat values per unit described in the Act on Promotion of Global Warming Countermeasures are used for fuel and electricity.
*4 Includes renewable energy purchased from external sources and renewable energy used for in-house power generation
*5 In Japan only in FY2020
*6 The numbers of employees as of the settlement date of each Group company (as of March 31, 2023 for FY2022). Average years of service is as of April 1 of the next fiscal year.
*7 Female employees in a division head or higher position
*8 Number of work-related deaths and injuries÷Total hours worked×1,000,000 The number of work-related deaths and injuries counts cases that involved at least a day of leave. For consolidated subsidiaries in Japan, temporary workers, contractors, and others are not included. Overseas consolidated subsidiaries include contractors and other workers(hired by other company and working for a specific service or temporary project) in the scope of data. (FY2020 - FY2022)
*9 INTAGAE Healthcare(Rep-i), February 2023
*10 Global Health Innovative Technology Fund
*11 Good Vigilance Practice. Standards for safety management of pharmaceuticals, quasi-pharmaceuticals, cosmetics, and medical devices after manufacturing and selling.
*12 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.
*13 Figures for FY2020 and FY2021 are for Daiichi Sankyo Company, Limited and Daiichi Sankyo Healthcare Co., Ltd.
*14 Figures for FY2022 include waste temporarily generated from soil remediation at the Odawara site of Daiichi Sankyo Chemical Pharma Co., Ltd.
*15 Including non-binary category based on the requests.
*16 Revised overseas and global frequency rates for FY 2018-2020 due to revision of total overseas working hours.

The Company updates its corporate website with other ESG data.

https://www.daiichisankyo.com/sustainability/performance-reports/esg-data/

Independent Assurance Report for Environmental and Social Indicators

KPMG

Independent Assurance Report

To the Representative Director Executive Chairperson and CEO of Daiichi Sankyo Company, Limited

We were engaged by Daiichi Sankyo Company, Limited (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, 2022 to March 31, 2023 included in its Value Report 2023 (the "Report") for the fiscal year ended March 31, 2023.

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.
- Visiting the Onahama Plant of Daiichi Sankyo Chemical Pharma Co., Ltd. selected on the basis of a risk analysis.
- 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 Management

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 Management 1, we design, implement and operate a system of quality management including policies or 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 27, 2023

Inclusion in ESG Indices in Reflection of External 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 2023.

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

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 six consecutive years from 2017 and the DJSI Asia/Pacific for thirteen consecutive years from 2010.

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

Selected consecutively for fifteen years/seven years/two years

FTSE4Good
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index

The FTSE4Good Index Series and the FTSE Blossom Japan Index*1 are indices that reflect the performance of corporations that excel in 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 fifteen consecutive years from 2009 as a component of the FTSE4Good Global Index and for seven 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*2 (launched in March 2022) for two consecutive years. FTSE Blossom Japan Sector Relative Index is 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. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

*1 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.
*2 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.

https://www.ftserussell.com/products/indices/blossom-japan

Selected consecutively for five years

2023 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 evaluations. The Company has been included in this index for five 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.

Selected consecutively for eight years

2023 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 ratings. Approximately 300 companies are selected each year, and we have been selected for eight consecutive years.

Shareholders' Information

Common Stock (As of March 31, 2023)

Number of shares authorized	8,400,000,000
Number of shares issued	1,947,034,029 (including 29,690,154 treasury shares)
Number of shareholders	80,624

Share Registrar

Mitsubishi UFJ Trust and Banking Corporation

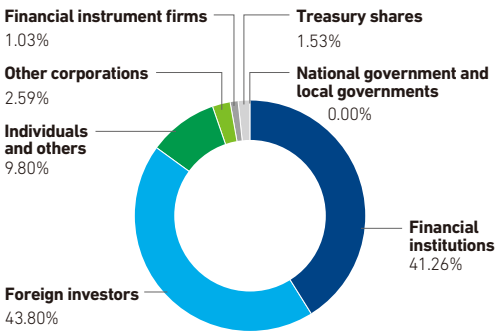
Mailing address and telephone number
Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division
Shin-TOKYO Post Office post office box No.29, 137-8081, Japan
Tel: 0120-232-711 (toll free within Japan)

Major Shareholders (As of March 31, 2023)

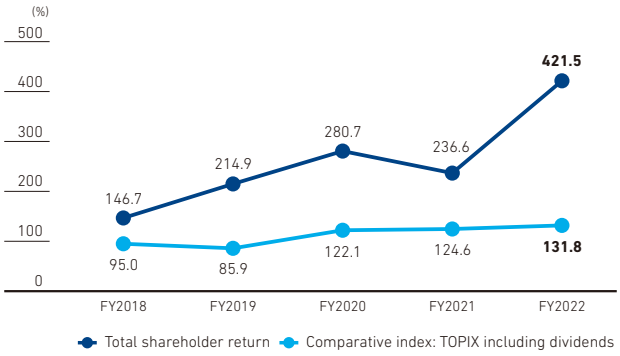
Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	337,410	17.60
Custody Bank of Japan, Ltd. (trust account)	169,629	8.85
JP MORGAN CHASE BANK 385632	129,660	6.76
Nippon Life Insurance Company	85,863	4.48
STATE STREET BANK AND TRUST COMPANY 505001	56,230	2.93
SSBTC CLIENT OMNIBUS ACCOUNT	44,125	2.30
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	38,381	2.00
STATE STREET BANK WEST CLIENT - TREATY 505234	32,282	1.68
The Shizuoka Bank, Ltd.	30,422	1.59
GOLDMAN, SACHS & CO. REG	29,235	1.52

Notes:
1. As of March 31, 2023. the Company holds 29,690 thousand shares of treasury stock, which are excluded from the above list.
2. Treasury shares are not included in the computing of equity stake.

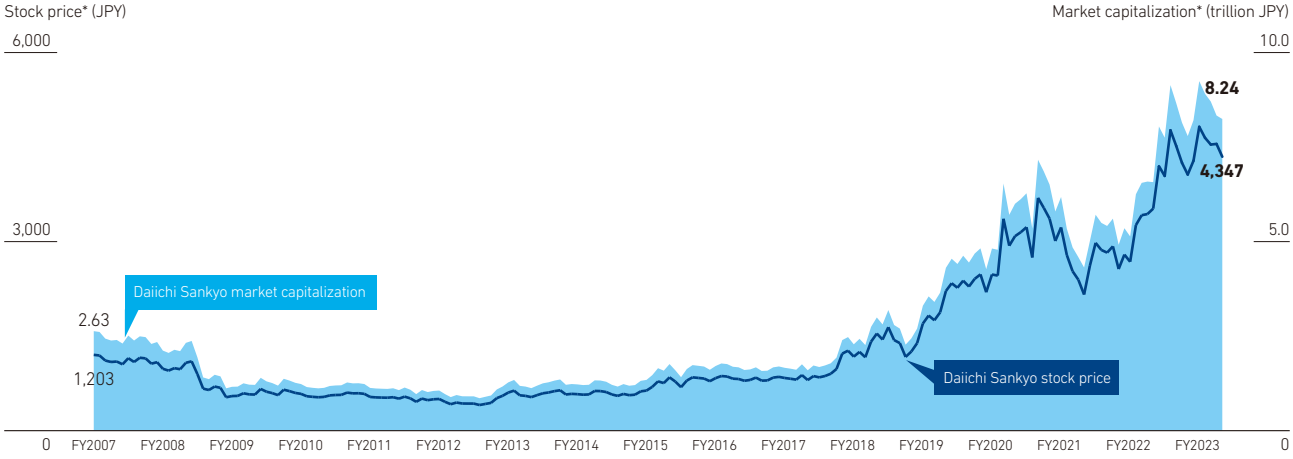
Distribution of Shareholders (As of March 31, 2023)



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 2023. 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.