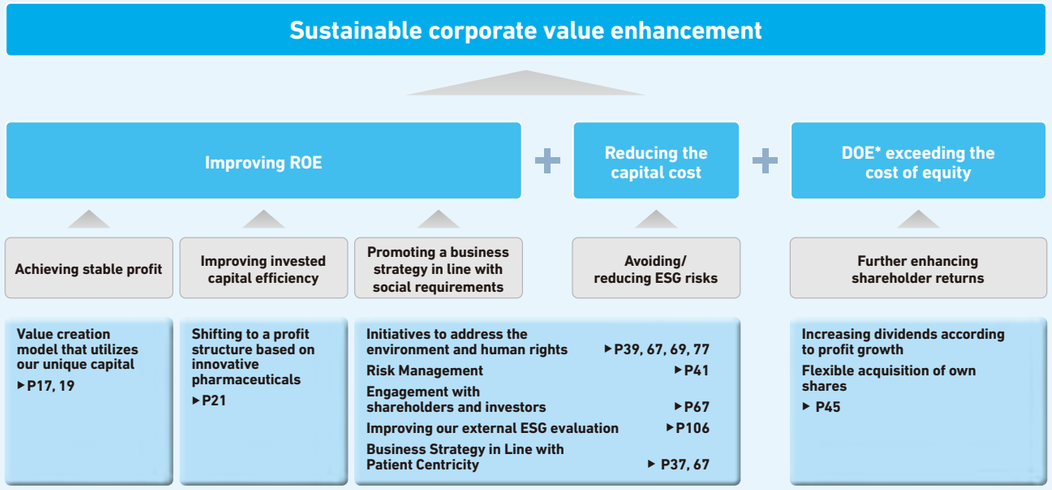
Daiichi-Sankyo

Daiichi Sankyo Group Value Report 2023

Passion for Innovation.
Compassion for Patients.™

Contents

The Daiichi Sankyo Group aims to realize sustainable corporate value enhancement by working to improve ROE, reduce the capital cost, and achieve DOE that exceeds the cost of equity. Reference pages for specific initiatives related to these three targets are listed.



* Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

Notes on publishing the Value Report 2023

In the Value Report 2023, we report on the challenges and activities we are addressing from short-, medium-, and long-term perspectives toward realizing our Purpose and Group Vision, and we aim to communicate a sustainable value creation cycle model as a story through our initiatives to provide value for and create shared value with our stakeholders. In particular, we have enhanced the content of the report to include our strengths in Science & Technology, initiatives to foster the One DS Culture toward realizing our 2030 Vision, and further enhancement of our execution system. We hope that this report will help our stakeholders gain a deeper understanding of the Daiichi Sankyo Group's initiatives and promote more constructive dialogue and initiatives for creating shared value.

Editorial Policy
The Daiichi Sankyo Group began publishing Value Reports, its brand of integrated reports, in FY2013. These reports integrate reporting on sustainability activities conducted towards the improvement of corporate value and realization of our Purpose and Vision, by referring the IIRC framework, and are positioned as a communication tool for helping shareholders and investors understand the Company's efforts to improve its long-term corporate value and realize a sustainable society.

Period Covered
April 1, 2022–March 31, 2023 (FY2022), and also information for the period from April 2023 onward

Cautionary Note Regarding Forward-Looking Statements
Management strategies and plans, financial forecasts, future projections and policies, and R&D information that our Group discloses are all classified as "Daiichi Sankyo's future prospects." These forward-looking statements were determined by the Group based on information currently available with certain assumptions, premises, and future forecasts, and thus, there are various inherent risks as well as uncertainties involved. As such, please note that actual results of our Group may diverge materially from our outlook or the content of this material.

For inquiries related to this integrated report, please contact the Sustainability Promotion Department:
https://www.daiichisankyo.com/contact/form/index.php

Sustainability Related Information

Value Report
The Value Report outlines the ongoing improvements to our corporate value as a story, explaining our value creation process in the short, medium, and long-term with the goal of realizing our Purpose, from both a financial and non-financial viewpoint. Via the report, we also integrate reporting on data and information regarding our year's activities from an ESG perspective.

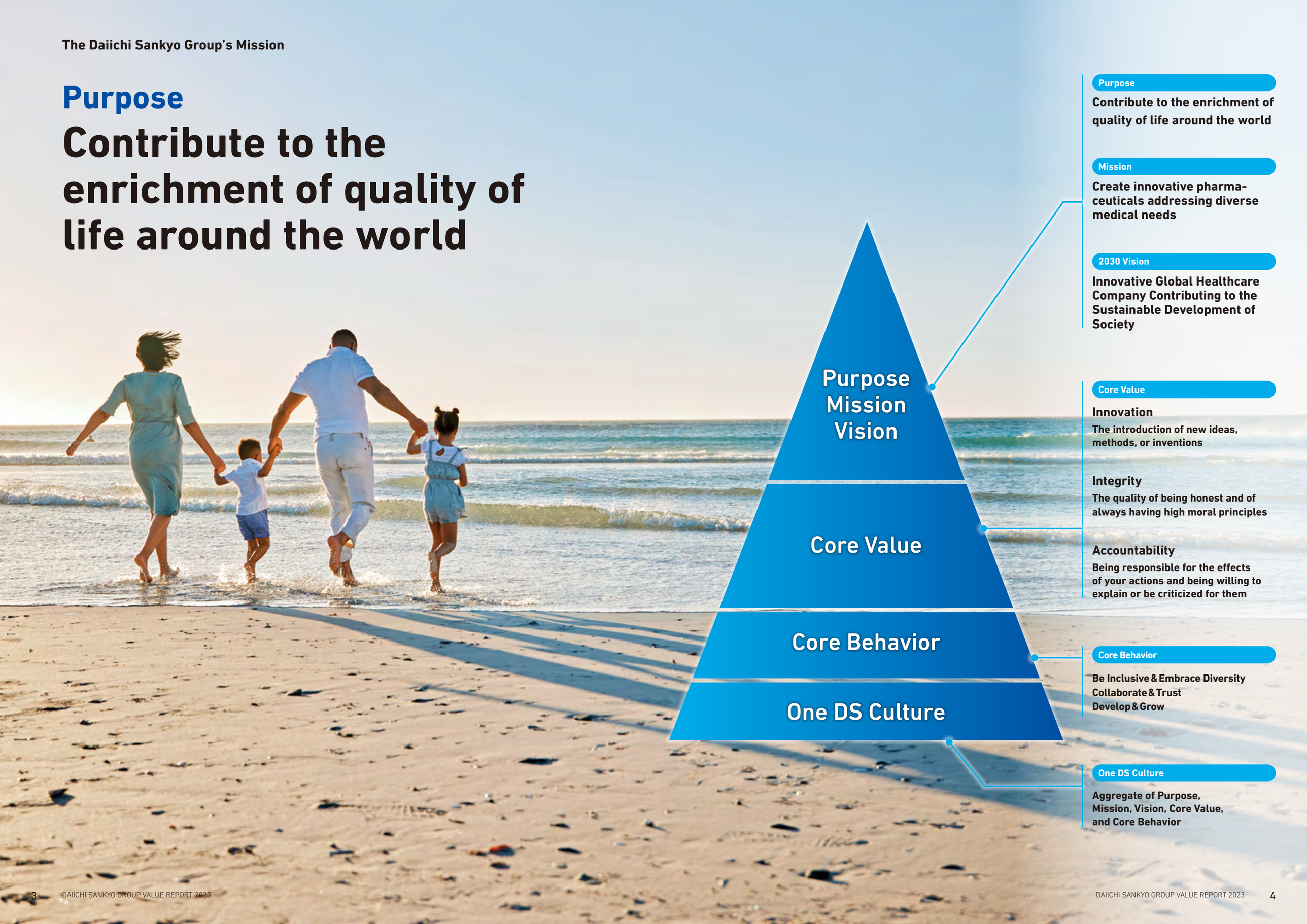
Environmental Data Book
The Environmental Data Book seeks to increase understanding of the Group's environmental management initiatives, and the information which complements the Daiichi Sankyo Group Value Report and the environmental data on our website.

Sustainability Website
The Sustainability Website offers a comprehensive understanding of our approach and activities to sustainability, which we engage in to contribute to a sustainable environment, society, and economy, and to realize our Purpose.

Guideline Reference Table
The Guideline Reference Table compares the principles and standards of the various guidelines (UN Global Compact, Global Reporting Initiative (GRI) Standards, Environmental Reporting Guidelines 2018) with our disclosed information.

Purpose

Contribute to the enrichment of quality of life around the world



Purpose

Contribute to the enrichment of quality of life around the world

Mission

Create innovative pharmaceuticals addressing diverse medical needs

2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

Core Value

Innovation
The introduction of new ideas, methods, or inventions

Integrity
The quality of being honest and of always having high moral principles

Accountability
Being responsible for the effects of your actions and being willing to explain or be criticized for them

Core Behavior

Be Inclusive & Embrace Diversity
Collaborate & Trust
Develop & Grow

One DS Culture

Aggregate of Purpose, Mission, Vision, Core Value, and Core Behavior

A History as a Partner to Patients for over 100 years

The Daiichi Sankyo Group leverages its century-long strengths in Science & Technology (S&T) forged by its predecessors to continue to take on the challenge of creating advanced pharmaceutical products.

Harnessing S&T as the driving force, we will continue to create innovative pharmaceuticals and realizing Healthcare as a Service (Haas)* by developing both a total care ecosystem and a total care platform through collaboration with other companies as we work toward our 2030 Vision and thereby "contribute to the enrichment of quality of life around the world."

* HaaS refers to providing health and medical services that are optimized and tailored to each individual by utilizing a variety of data and advanced technologies.

Steps of our 5-year business plan

1st Term
Maximization of synergy and expansion of growth foundation
- Focus on thrombosis, cancer, diabetes
- Maximize sales of Olmesartan franchises
- Acquire Ranbaxy Laboratories and integrate it into the Group

2nd Term
Advancement of global hybrid business model
- Focus on thrombosis, cardiovascular-metabolics, and cancer fields
- Expand operating foundations in Japan
- Conduct frontline and back-end collaboration with Ranbaxy

3rd Term
Promotion of measures toward sustainable growth beyond LOE*
- Focus on thrombosis, cardiovascular-metabolics, and cancer fields
- Divest and liquidate Ranbaxy
- Return to innovative business

* Loss of exclusivity

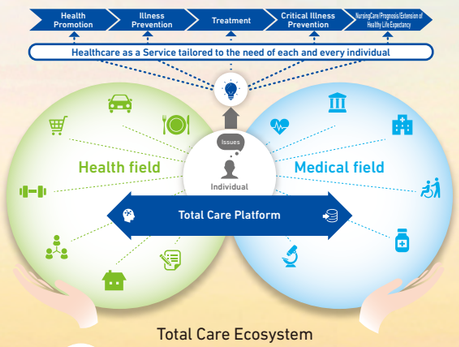
4th Term
Transformation to become a Global Pharma Innovator with a competitive advantage in oncology
- Grow beyond LOE*
- Establish a foundation of sustainable growth

5th Term
Become a "Global Pharma Innovator with a competitive advantage in oncology," and shift to further growth toward our 2030 Vision

2030 Vision
Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

A society that has realized HaaS

Source: Presentation document of Society 5.0 "A New Society Pioneered by Science and Technology Innovation" by the Cabinet Office



Total Care Ecosystem

History as a pharma innovator (major products over the years)

1899 — 1965 — 2007 — 2010 — 2013 — 2016 — 2021 — 2025 — 2030

1899
Launched ***Taka-Diastase***®, a digestive enzyme agent

1902
Adrenalin, an adrenal cortex hormone agent

1910
Dr. Umetaro Suzuki, a future Sankyo scientific adviser, established a foundation for the theory of vitamins

1915
Began domestic manufacturing of Salvarsan, a therapeutic drug for syphilis

1922
Began manufacturing of ***Bosmin***®, a vasoconstriction/ hemostasis and asthma medicine

1951
Manufactured ***Chloromycetin***®, the first antibiotic produced in Japan

1965
Transamin®, a hemostatic and anti-inflammatory agent

1985
Tarivid®, a broad-spectrum oral antimicrobial agent

1986
Loxonin®, an anti-inflammatory analgesic

1989
Mevalotin®, hypercholesterolemia treatment

1993
Cravit®, a broad-spectrum oral antimicrobial agent

2002
Olmesartan (***Olmetec***® in Japan and Europe, ***Benicar***® in the United States), an antihypertensive agent

2009
Efient®, an antiplatelet agent

2010
Inavir®, anti-influenza treatment

2011
Lixiana®, an anticoagulant

2019
Tarlige®, pain treatment

2020
Enhertu®, an anti-cancer agent (HER2 directed antibody drug conjugate)

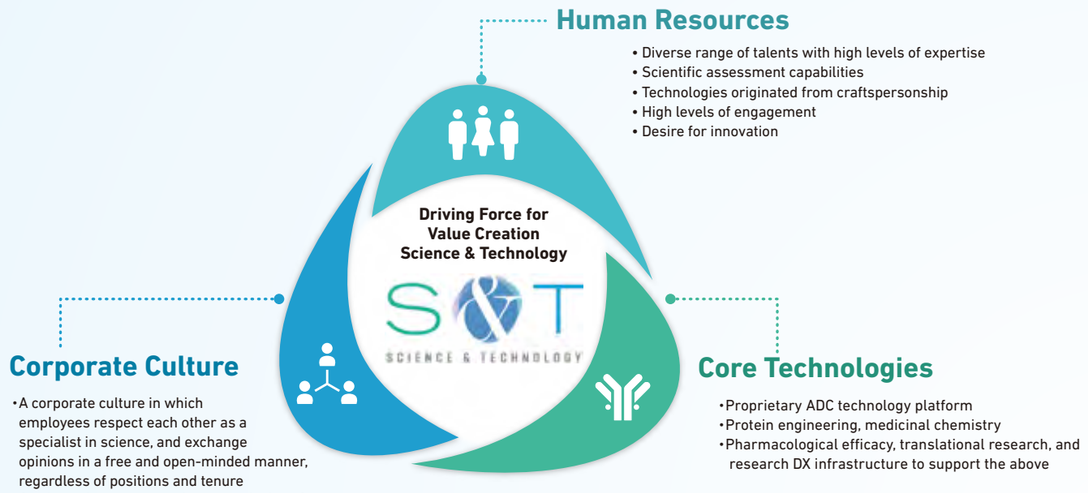
Creating innovative pharmaceuticals by leveraging our strengths in Science & Technology (S&T)

Realizing Healthcare as a Service through development of both a total care ecosystem and a total care platform

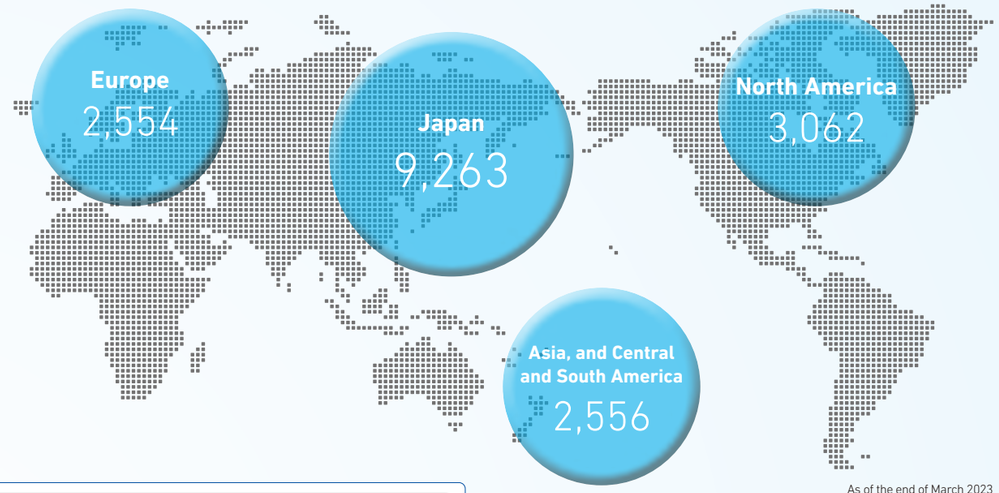
Transition of unmet medical needs throughout time

Infectious diseases (tuberculosis and pneumonia) → **Lifestyle-related diseases** → **Cancer, dementia, and emerging and re-emerging infectious diseases**

Becoming an Innovative Global Healthcare Company with Strengths in S&T SCIENCE & TECHNOLOGY



Number of employees by region



As of the end of March 2023

Number of global employees

17,435

Financial Highlight (FY2022 results)

Revenue

1,278.5 billion yen

FY2025 financial estimate 2 trillion yen

Core Operating Profit Ratio before R&D Expense

35.9%

FY2025 Target 40%

ROE

7.8%

FY2025 Target 16% or more

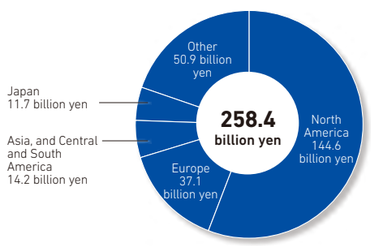
DOE*

4.1%

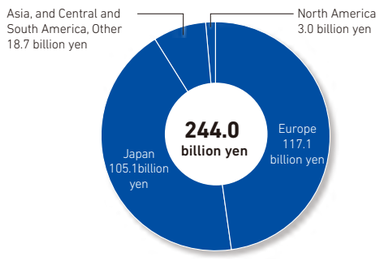
FY2025 Target 8% or more

Major Products Worldwide

Anti-cancer agent *Enhertu*®



Anticoagulant *Edoxaban*



* Dividend on Equity = Total dividend amount / Equity attributable to owners of the Company

Non-Financial Highlight (FY2022 results)

Contribution to patients

Number of countries and regions where *Enhertu* has been launched/Number of patients (Company estimate)/Number of indications

35 countries and regions / approximately 22,000 patients / 6 indications

Social

Percentage of positive engagement survey responses*

77%

FY2025 Target 80% or more, or an increase of 10% or more compared to FY2021

Percentage of senior management employees who are female:

19.2%

FY2025 Target 30%

*Percentage of positive engagement survey responses in relation to our corporate culture and work environment

Environment

CO_2 emissions reduction rate* (compared to FY2015 level)

49.6%

FY2025 Target Reduction of 42% (compared to FY2015 level)

Percentage of renewable electricity used

78.1%

FY2025 Target 60% or more

* Scope1+Scope2

We will enhance ESG management to realize our Purpose, and achieve sustainable growth for both the Company and society by creating social and economic value together with our stakeholders

Sunao Manabe
Representative Director
Executive Chairperson and CEO

What kind of year was FY2022 for Daiichi Sankyo Group and what was the most memorable event?

FY2022 was a year in which the global situation and the global economy continued to change significantly. The conflict in Ukraine, which began in February 2022, has caused a massive human rights, humanitarian and refugee crisis. In addition, while the prolonged COVID-19 pandemic has brought about serious health concerns, it has also magnified the problems that socially disadvantaged individuals are facing, such as widening inequality. The world is now facing important complex social issues such as climate change and human rights abuses, and we are deeply aware of the social responsibility that companies must fulfill in order to develop a sustainable society. Furthermore, Turkey, where we also have an operation base, was hit by a large-scale earthquake in February 2023. I would like to once again extend my deepest sympathies to those who have suffered from the disaster.

The most memorable event for the Company in FY2022 was the presentation of the trial results for *Enhertu*® at the annual meeting of the American Society of Clinical Oncology (ASCO), one of the major medical conferences where cancer experts from around the world gather. At the most important plenary session (with all participants), the trial results of *Enhertu*, developed by the Company, for HER2 low metastatic breast cancer (post-chemotherapy treatment) were announced, which the audience of approximately 5,000 people at the venue spontaneously erupted in a standing ovation. I was very moved by the joy of delivering *Enhertu* to patients who had been waiting for a new treatment for breast cancer that had no effective treatment previously. The results also solidified our confidence in *Enhertu* and our future growth.

I believe that this event at ASCO is one example of how our efforts to help patients over the course of its more-than-100-year history have culminated under the Company's Purpose of "Contribute to the enrichment of quality of life around the world." Along with our mission to deliver *Enhertu* to as many patients as possible around the world, we also feel the high expectations placed upon us to create even more innovative new drugs. In order to meet these expectations, we will steadily achieve our current 5-year business plan ending in FY2025, and work as one group to realize our 2030 Vision.

There are growing concerns in many countries around the world about the sustainability of social security owing to falling birthrates and aging populations, and efforts to curb healthcare costs are on the rise. What challenges do you see in the business model of delivering our innovative pharmaceuticals globally?

Currently, the probability of success in creating new drugs is said to be less than approximately 1 in 20,000, making it an extremely difficult challenge for any pharmaceutical company. In addition, it takes a very long time over 10 years from the time a new drug candidate is discovered until it reaches the patients as a new drug. I believe we need to explore a variety of solutions that take into account the healthcare environment in each country and region, both in terms of continuous research and development (R&D) investment to create new therapeutic agents that will help future patients, while improving access to medicines to reach as many patients as possible around the world.

When it comes to innovative pharmaceuticals that offer new treatment options, it is critical for patients to be able to gain access quickly. On the other hand, if a therapeutic drug already exists, the price of the drug should be affordable for patients and the healthcare system in each country or region, while at the same time ensuring incentives for R&D and capital investment.

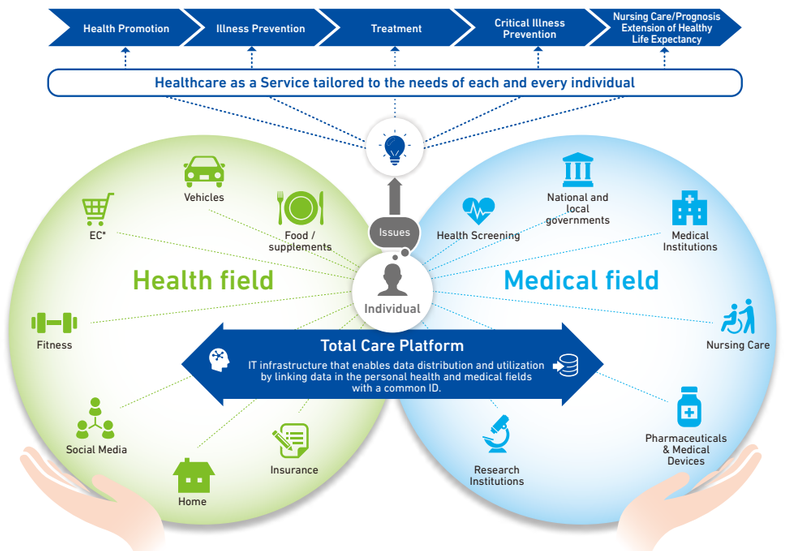
Currently, not only in Japan but also in Europe and the US, discussions are underway to streamline costs in order to continuously deliver the latest medical care to patients within the limited social security budget, and one of the targets for cost reduction is drug prices. In Japan, a growing number of drugs that are already in use in Europe, the US, and other developed countries not being approved, drug lag and drug loss, are issues because the value of innovative new drugs and the value of innovations are not properly evaluated.

From a patient centricity perspective, we will continue to improve patient access and strengthen our advocacy and engagement with governments, administration, and regulatory authorities.

In the society where Healthcare as a Service (HaaS) is realized in the near future, what role should Daiichi Sankyo play?

In recent years, digital transformation (DX) has been rapidly advancing in the corporate and in society sectors, especially in Japan. We have been also actively promoting DX, setting "Realization of data-driven management through DX promotion and transformation of the entire company through advanced digital technologies" as one of the foundations supporting the

Total Care Ecosystem



* Electronic Commerce

strategies of the current 5-year business plan. Our previous efforts have been recognized, and we have been selected as one of the Digital Transformation Stocks (DX Stocks) 2023.

The wave of DX is spreading throughout society is creating a new society in the not-so-distant future, where new value is created by utilizing digital innovation and the creativity of diverse individuals. In the healthcare field of the emerging societal concept "Society 5.0", we are working toward building HaaS by leveraging diverse data and advanced technologies to provide personalized and optimal services tailored to the needs of each and every individual.

In HaaS, we are working towards building a Total Care Ecosystem, which is a collaborative platform with companies and organizations to solve the challenges and achieve well-being for each individual, covering health promotion, disease prevention, treatment, and prognosis care. We are also developing a Total Care Platform that consolidates health and medical data associated with individuals, enabling data circulation and utilization. Furthermore, we aim to create and provide new values to address social issues such as promoting innovation, reducing social security costs, optimizing medical resources, improving access to healthcare, securing labor, extending healthy lifespans, and economic development. To realize HaaS, we take on the role of leading in the development of this Total Care Ecosystem and Platform, actively collaborating with companies and organizations in the health and medical fields, data providers, and IT companies. Leveraging our strengths in Science & Technology, we contribute to the creation of new medical services and strive to become a company that can contribute to the realization of a sustainable society.

▶ For more information on HaaS/DX initiatives, please refer to P21

Please tell us about Daiichi Sankyo Group's sustainable value creation process, which leverages the Group's strengths in Science & Technology to create new drugs and deliver them to patients globally, including your approach to creating shared value with stakeholders.

As a pharmaceutical company, I believe that we must meet the various demands and expectations from society, such as addressing unmet medical needs, improving access to medicines, addressing global environmental issues, engaging in corporate management with high ethical standards as a life science company, and taking ESG initiatives, while seriously addressing and responding to the specific requirements of each country and region in conducting our global business activities. In order to meet these demands and expectations, and to sustainably circulate our value creation model that continuously creates innovative pharmaceuticals based on our strengths in Science & Technology and provides pharmaceuticals that address a wide variety of needs, we must manage with a long-term perspective. In the current 5-year business plan, we are strengthening ESG management to respond flexibly to new social issues and changes in the social environment, while incorporating the external environment into our business strategies. Our ESG management encompasses "management based on a long-term perspective that enhances both financial and non-financial value by reflecting ESG elements in business strategies," and we actively engage in dialogue with stakeholders to incorporate ESG perspectives. Furthermore, by creating shared value with patients and other stakeholders, we will provide the social and economic value we have created to our stakeholders. I believe that by circulating the process of reinvesting this as capital, we can achieve sustainable growth for both the Company and society.

In order to reinforce our strengths in Science & Technology and to expand our oncology business globally, I believe that the source of our competitiveness lies in acquiring and developing a diverse workforce and effectively managing human resources. We take on business strategy-linked to human capital enhancement initiatives by categorizing and clarifying "human capital," which is the most important capital invested in the value creation process, into three components: (1) the power of the individual, who is constantly growing; (2) the continuous supply of human resources to areas to be strengthened, structured in line with strategies; and (3) the structures, systems, and measures to synergize individuals and organization.

▶ For more information on value creation model, please refer to P17

▶ For more information on human capital, please refer to P19

Please tell us about the progress management and revisions of KPIs for Materiality linked to the current 5-year business plan, which was identified in FY2019, including the latest discussions

We have organized the material issues to be addressed for sustainable growth into "Materiality on Business" and "Materiality on Business Foundations," and have set long-term targets and KPI targets linked to the current 5-year business plan. In addition to reviewing progress twice every year, we add Materiality and improve and revise KPIs as necessary through discussions at the Executive Management Committee and the Board of Directors based on the knowledge gained through constructive dialogues with internal and external stakeholders and changes in the external environment as we work to achieve our targets.

In March 2023, we added KPI targets related to two Materiality items. The first is the number of designations to the Priority Review System under the Materiality item of "Creating Innovative Pharmaceuticals." As an indicator that embodies our Mission and represents our commitment to fulfilling our Purpose by creating innovative pharmaceuticals and delivering them to patients as quickly as possible, we have set up a cumulative number of designations to the Priority Review System in Japan, the US, Europe, and China. The second is the establishment of CO_2 emission reduction targets that we request to our business partners under the Materiality item of "Promoting Environmental Management." In response to the growing demand in recent years to reduce CO_2 emissions throughout the supply chain to create a decarbonized society, we will collaborate with our business partners to reduce CO_2 emissions in society as a whole.

Furthermore, we continuously engage in discussions at the Board of Directors meetings regarding indicators for contribution to patients, indicators for social impact, and others aimed at achieving our 2030 Vision. In FY2022, we made progress in line with our KPI targets for FY2025.

▶ For more information on Materiality, please refer to P29

Please tell us about the progress of the current 5-year business plan and the outlook for achieving the FY2025 KPIs in light of changes in the business environment.

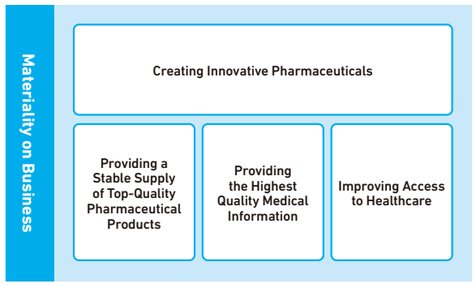
The current 5-year business plan is positioned as a plan to achieve the FY2025 target of becoming a "Global Pharma Innovator with Competitive Advantage in Oncology," and shift to the growth stage toward realizing our 2030 Vision. The four strategic pillars for shifting to the sustainable growth stage are "maximize 3ADCs," "profit growth for current business and products," "identify and build pillars for further growth," and "create shared value with stakeholders." As a foundation to support the execution of these four strategies, we are working to implement data-driven management through DX, company-wide transformation through advanced digital technology, and agile decision making thorough new global management structure.

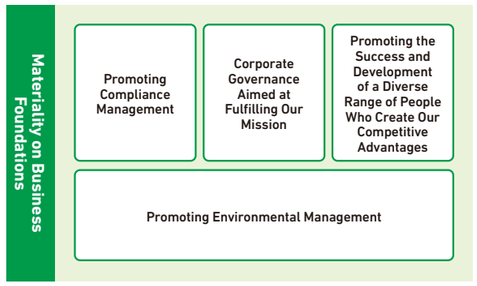
With regard to "maximize 3ADCs," the product value of *Enhertu* increased as we gained data that far exceeded the assumptions

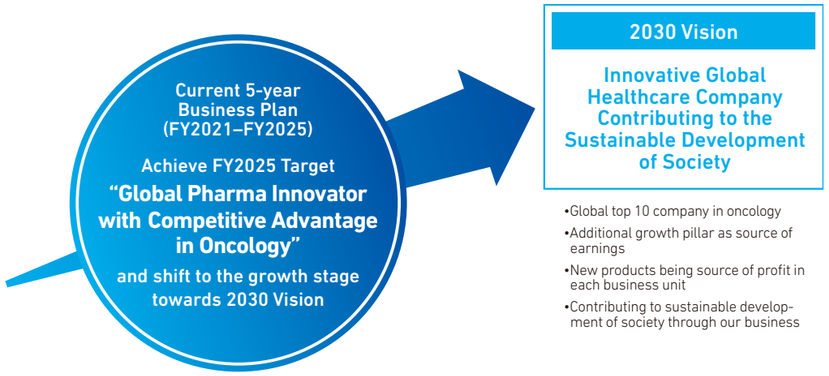
of the current 5-year business plan, and our contribution to patients is rapidly expanding as we obtained new indications and expanded the number of marketed countries and regions. Furthermore, the product value of *Dato-DXd* and *HER3-DXd* has also improved significantly over the past two years. As for "profit growth for current business and products," we are progressing transformation into a profit structure focused on patented drugs, backed by growth in sales of *Lixiana*® in Japan, Europe, and China, as well as progress in launching new products and transferring products after the expiration of the exclusivity period in various countries and regions. In the area of "identify and build pillars for further growth," we are making steady progress in developing *DS-7300* (anti-B7-H3 ADC) and *DS-6000* (anti-CDH6 ADC), which are the next growth driver candidates following 3ADCs, as well as in selecting post DXd-ADC modalities. Moreover, in August 2023, we gained approval for the first Japan-made mRNA vaccine against COVID-19, *Daichirona*® for Intramuscular Injection (*DS-5670*).

With respect to "create shared value with stakeholders," we increased FY2022 dividends in order to further enhance shareholder value, reflecting the growth in profits from the expansion of *Enhertu* sales. We are accelerating our initiatives to address environmental issues, such as the shift to renewable energy sources for power used at our bases in Japan, in order to reduce the environmental footprint of the entire value chain. In terms of creating shared value with employees, we are fostering a One DS Culture in which all employees can work enthusiastically transcending nationality and cultural barriers by deepening

Eight Materiality Identified







the understanding of the Group's common Core Behavior and promoting initiatives that help them embody these behaviors through workshops and other activities held by the management team and all employees.

The four strategies of the current 5-year Business Plan are progressing steadily. As for the revenue, which is a KPI for FY2025, we expect to achieve ¥2 trillion, which exceeds the target of ¥1.6 trillion by ¥400 billion, thanks to revenue growth in the oncology field, especially for *Enhertu*. Over the past two years, we have gained extremely positive data from *Enhertu* clinical trials, and product sales and milestone revenue expectation have far exceeded our initial plan. On the other hand, as clinical trials for DXd-ADCs are progressing faster than originally planned, mainly for *Enhertu* and *Dato-DXd*, we are actively executing investment for growth to realize sustainable growth. At the same time, by pursuing well-balanced cash allocation that takes into account shareholder returns, we aim to achieve our FY2025 targets of core operating profit ratio before R&D expenses of 40%, ROE of 16% or more, and DOE* of 8% or more.

* DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

▶ For more information on progress on the 5-year business plan, please refer to P35
▶ For more information on creating shared value with stakeholders, please refer to P37

What roles will you and the new president play in achieving the 2030 Vision, and what are your expectations for the new president?

I became Executive Chairperson and CEO, and Mr. Okuzawa, who had been CFO, was appointed President and COO in this April. We have been considering the next president as soon as we were on track to achieve the final fiscal year targets of the current 5-year business plan, and engaged in discussions regarding succession planning at the Nomination Committee, which is an advisory body to the Board of Directors. I am confident that Mr. Okuzawa's outstanding knowledge and career, as well as his integrity, which builds the trust of his superiors, colleagues and subordinates, will enable him to overcome any challenges.

Since the CEO is ultimately responsible for the Company's decision-making, I will continue to assume ultimate responsibility for directing the Company from a long-term perspective, while delegating authority as much as possible to President Okuzawa for decision-making related to individual operations. We expect our revenue to far exceed our initial target for the final fiscal year of the current 5-year business plan, and the Group will be entering a period of unprecedented rapid global expansion. We must quickly expand and build up our management foundation in various areas, including our human resources and organization, and I would like President Okuzawa to make every effort to achieve the targets of the current 5-year business plan, and furthermore, to formulate the concept for the next business plan. I believe that he will be a person who can lead our Group to even greater success.

Finally, please leave a message for our shareholders and investors.

The social and business environment surrounding the Group is constantly changing. Nevertheless, we are committed to addressing the diverse demands and expectations from society and accelerating our initiatives to realize our 2030 Vision in order to fulfill our Purpose. Last year, we held our second ESG briefing session for shareholders and investors, where we engaged in constructive dialogue on the progress of the Group's ESG management. We will work to make further improvements based on their valuable feedback on expanding access to healthcare, investing in human capital, and strategically utilizing DX. We will further deepen discussions on advancing Materiality and clarifying social value with a view toward our 2030 Vision, as well as on creating shared value with patients and other stakeholders, and we will work as a unified Group to fulfill our Purpose.

In order to enhance our strengths in Science & Technology and to expand our global oncology business, I believe that the source of our competitiveness lies in acquiring and developing a diverse workforce and effectively managing human resources.

Please tell us about your current state of mind and aspirations upon assuming the position of President and COO, as well as your experience and accomplishments to date.

I am very excited to take on the important responsibility of serving as President and COO of Daiichi Sankyo, a company built upon so many people's hearts and minds, and to work with Dr. Manabe, Executive Chairperson and CEO, to manage the Company from April 1, 2023. Daiichi Sankyo Group has raised its revenue expectation from ¥1.6 trillion to ¥2 trillion for FY2025, the final fiscal year of the current 5-year business plan, in light of the rapid growth of the oncology business, which we entered in earnest by launching *Enhertu*® in FY2020. Furthermore, I place high expectations on the ADCs that are under development. I find it extremely rewarding to be appointed President at this juncture, and we will make a concerted effort to achieve the targets of the current 5-year business plan and realize our 2030 Vision.

I joined Sankyo Company, Limited in 1986 and was subsequently involved in the negotiation of the business integration between Daiichi Pharmaceutical and Sankyo. I also worked on the acquisition of India-based Ranbaxy as well as the work that followed that acquisition and as the head of the Asia and Latin America region I focused on strengthening our business operations in China. I was also in charge of corporate strategy, human resources, and served as CFO. My favorite quote from Mahatma Gandhi, which I learned when I was in charge of the India business, is "Live as if you were to die tomorrow. Learn as if you were to live forever."

I believe that my specialty is in providing "coaching leadership." Rather than giving out answers, I am a leader who supports employees by helping them come up with their own answers through dialogue. I would like to lead the Group by leveraging this specialty to fully harness the inherent strengths

and potential of our employees. In addition, I will continue to actively engage with our stakeholders and manage the Company together as a team.

Please tell us about what you would like to focus on to ensure the sustainable growth of the Group, based on your view of the current challenges and status of initiatives.

We are actively strengthening our global business by expanding oncology business, which is driving new growth, and we are becoming known as a Global Pharma Innovator with Competitive Advantage in Oncology with the growth of *Enhertu*. We are attracting talent from within the pharmaceutical industry, both in Japan and outside of Japan, thanks to our superior products, rich R&D pipeline and unique culture. I saw this as an excellent opportunity to strengthen our global business structure, and began to develop a shared global human resource (HR) framework that would enable our talented employees, including those from outside of Japan, to utilize their expertise, sustain motivation and achieve results. To this end, we have initiated a global project team that collaborates across different units, local subsidiaries and workplaces, and will proceed with establishing a globally unified target performance management process, global job grading, and HR information system, while benchmarking the systems of mega-pharmaceutical companies in Europe and the US.

We are also working to globalize our corporate functions. In April 2023, we shifted to the structure in which a global head linking each function to each region leads the corporate functions in Japan, the US, and Europe. Personnel for high-level positions in each corporate function will be assigned without regard to age or nationality through a highly transparent selection process.

Furthermore, as we globalize our HR system, we will renew our ERP (Enterprise Resources Planning) system and complete "Project 4D (Daiichi Sankyo Data-Driven Decision Making)" to implement data-driven management that will enable prompt and accurate decision making on a global scale.

What is important is to enhance our strengths in Science & Technology with our human resources, core technologies and corporate culture as we expand our value chain globally in order to pursue Daiichi Sankyo's distinct characteristics. We will continue spreading the One DS Culture and be a company where employees want to continue to work. I would like to carry on the senior management's exceptionally strong trust in the R&D organization, which has been present in every generation of our company to date.

▶ For more information on globalization initiatives, please refer to P21

Please tell us about the Group's growth strategy and initiatives aimed at achieving the goals of the current 5-year business plan, with a focus on the particularly important initiatives to take on in the current fiscal year.

◉ Maximize 3ADCs

First and foremost, our most important theme is to maximize 3ADCs, and I would like to make FY2023 a year to help healthcare professionals and patients around the world better understand and experience the value provided by *Enhertu* by expanding the indications and the marketed countries and regions. For *Dato-DXd* and *HER3-DXd*, we will execute their respective development plans under a global structure with strong functional collaboration.

Enhertu is expanding at a faster pace than originally planned thanks to the approval for new indications such as for the second-line treatment of HER2 positive metastatic breast cancer and HER2 low metastatic breast cancer (post-chemotherapy treatment). We need to make a firm commitment to ensure a stable supply of the product. For patients who need our products, including *Enhertu*, we will improve the accuracy of our demand forecasting and efficiently and gradually expand our supply capacity and personnel in line with product potential.

In addition, with a view to 2030 and beyond, we will constantly update and optimize our development plans and flexibly reallocate resources. I believe that now is the perfect time to create a sustainable growth cycle for the next 15 to 20 years, and we will use the cash flow generated by *Enhertu* to reinvest in R&D and capital investment for new ADCs to achieve exponential growth.

◉ Profit growth for current business and products

Although the oncology business is growing rapidly thanks to *Enhertu*, the current growth of the Group is fundamentally supported by existing businesses and products, including the anticoagulant *Lixiana*® and the pain treatment *Tarlige*®. We will ensure further profit growth in these existing businesses and products. In particular, the product value of *Lixiana* has improved with the addition of new dosage and administration, and we will strive to further expand our market share in each market. In addition, we will take on the challenge of expanding the number of countries and regions where our cholesterol-lowering treatment *Nilemdo*®/*Nustendi*® is available in Europe, increasing sales of our iron injection business in the US, and growing our business in China and other ASCA countries and regions, while also continuing to enhance transformation into a profit structure focused on patented drugs that are advancing steadily.

◉ Identify and build pillars for further growth

It is important to make effective investments in subsequent ADC products as well as to develop growth strategies in disease areas where there are no effective treatments, such as rare diseases, or where existing therapeutic drugs are not sufficiently effective, in order to ensure future sustainable growth. Looking ahead to 2030 and beyond, we will fully leverage our strengths in Science & Technology and continue making investments to continually produce pharmaceuticals that will fulfill new modalities and unmet medical needs. With the progress in the development of *DS-7300* (anti-B7-H3 ADC) and *DS-6000* (anti-CDH6 ADC), which are DXd-ADCs featuring the same linker and drug as *Enhertu* and are expected to be the next growth driver following 3ADCs, we advanced from our previous R&D strategy, "3ADCs and Alpha" to "5DXd-ADCs and Next Wave." In addition, we are also making progress in selecting post DXd-ADC modalities, including 2nd generation/new-concept ADCs.

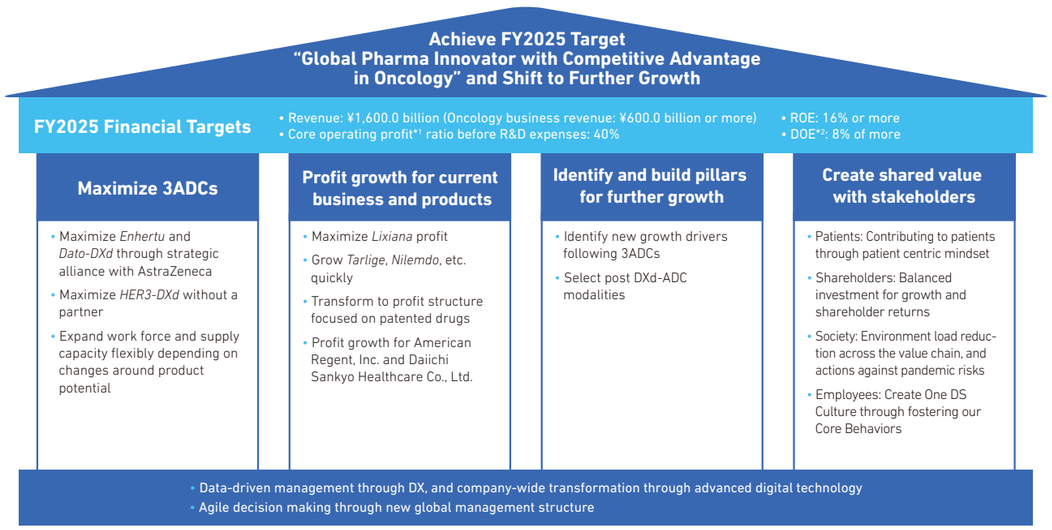
Finally, please tell us your thoughts on creating shared value with the Group's stakeholders.

In addition to patients and their families, who are the most important stakeholders of the Group, we are working on creating shared value with our shareholders/investors, society, and employees as a pillar of our current 5-year business plan to promote ESG management, while also ensuring alignment with our Purpose.

Last year, we invited a person who had returned to their work after overcoming cancer treatment to our in-house lecture in order to foster a patient centric mindset among our

employees. After hearing the guest saying, "I want to live as long as possible, because I believe that a better treatment will be discovered in the process," I reaffirmed the fact that we are creating hope, while also further strengthening our commitment to our Purpose of "Contribute to the enrichment of quality of life around the world."

I tell our employees that I want them to find the overlap between the Group's Purpose and their own personal purpose and vision. Furthermore, shareholders and investors who agree with our Purpose and support us with a long-term perspective will always be essential to the Group as we create innovative pharmaceuticals, and I sincerely hope that they will continue to support our initiatives to enhance our corporate value. Finally, we would like to continue our efforts to become a company that is recognized as an indispensable presence in society.



*1 Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income
*2 DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

Create Shared Value with our Stakeholders to Realize Sustainable Value Creation

As a global pharmaceutical company, the Daiichi Sankyo Group is uniquely positioned to address diverse social needs, including unmet medical needs. We endeavor to meet such needs throughout our entire value chain, by investing our human and intellectual capital, and by leveraging our excellence in Science & Technology—the source of our competitive advantages. We provide patients and other stakeholders with social and economic value through pharmaceuticals that meet various medical needs, through reductions in our environmental footprint, and through the activities of our diverse range of people. Creating value with our stakeholders allows us to build a sustainable cycle of value creation, through which we aim to continually enhance our corporate value and contribute to the sustainable growth of society.

Requirements from Society

- Work environments where a diverse range of people can maximize their potential
- Unmet medical needs
- Improved access to pharmaceuticals
- Corporate management with high ethical standards as a life science company
- Global environmental issues
- ESG initiatives, and other requirements

Input

Human capital
- Number of global employees: 17,435 (as of March 31, 2023)
  Japan: 9,263, North America: 3,062, Europe: 2,554, Asia, and Central and South America: 2,556
  Number of new employees (global): 2,351
- Training/development investments: 2.5 billion yen (FY2022)

Intellectual capital
- Oncology and other pipelines
- Technologies and know-how for discovering and delivering new drugs
- Accumulated pharmaceutical information
- Research and development investments: 336.7 billion yen (FY2022)

Manufactured capital
- 13 production sites globally
- Utilization of our collaboration with CMOs (Contract Manufacturing Organizations)
- Capital investments: 103.6 billion yen including CMO investments (FY2022)

Social and relationship capital
- Footprint in 26 countries/regions around the world
- Firm relationship with stakeholders
- Ensuring trust through compliance

Natural capital
- Total energy used: 680,723MWh (FY2022)
- Water consumed: 8,261,000 m³ (FY2022)

Financial capital
- Equity capital (total equity): 1.4459 trillion yen (as of March 31, 2023)
- Borrowed capital (total liabilities): 1.0630 trillion yen (as of March 31, 2023)

Our Mission

Purpose Contribute to the enrichment of quality of life around the world

Mission Create innovative pharmaceuticals addressing diverse medical needs

2030 Vision Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

Mid-term strategy (FY2021 to FY2025)
- Maximize 3ADCs
- Profit growth for current business and products
- Identify and build pillars for further growth
- Create shared value with stakeholders

Value Chain
Drug Discovery and Research → Clinical Development → Supply Chain → Value Delivery

Our greatest strength Science & Technology
S&T SCIENCE & TECHNOLOGY

Materiality on Business
- Creating Innovative Pharmaceuticals
- Providing a Stable Supply of Top-Quality Pharmaceutical Products
- Providing the Highest Quality Medical Information
- Improving Access to Healthcare

Materiality on Business Foundations
- Promoting Environmental Management
- Promoting Compliance Management
- Corporate Governance Aimed at Fulfilling Our Mission
- Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages

Core Value / Core Behavior

Output

Pharmaceuticals Responding to Diverse Medical Needs
Innovative pharmaceuticals
Generic pharmaceuticals
Vaccines
Consumer healthcare products

Reducing Environmental Footprint
(Carbon neutrality)

Diverse Range of People

Value Created for Stakeholders

Patients
- Reform standard of care
- Improve Quality of Life

Example Outcomes
- Expand *Enhertu*® indications as well as launched countries and regions
- Achieve early launch and expansion of indications of innovative pharmaceuticals
- Create pharmaceutical information in line with medical needs

Shareholders and investors
- Enhance corporate value
- Improve total shareholder return

Example Outcomes
- Achieve DOE* exceeding the cost of equity

* DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

Society and the natural environment
- Respond to climate change
- Respond to emerging and re-emerging infectious diseases of the future

Example Outcomes
- Decrease CO_2 emissions
- Decrease water consumption

Employees
- Encourage the mutual continuous growth of both our employees and our Group

Example Outcomes
- Diverse range of people who create our competitive advantages
- Improve engagement

Sustainable enhancement of corporate value through the value creation cycle

Human Capital

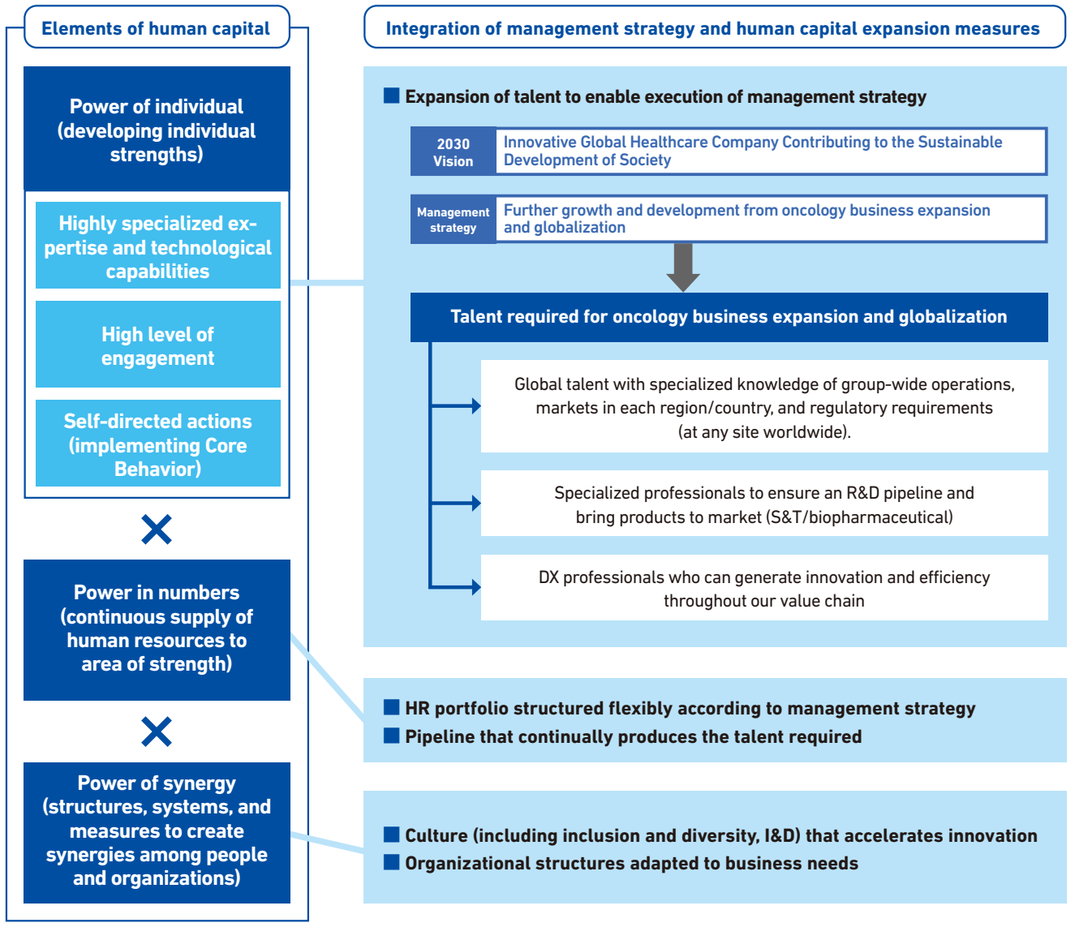
— the most important capital in Daiichi Sankyo Group's value creation model

The human capital of the Daiichi Sankyo Group is the driving force behind the evolution of our business model that leverages Science and Technology (S&T) for sustainable value creation. Here, we discuss how the Group's human capital management makes the best use of human resources (HR) initiatives to enhance the value of human capital and the viability of our management strategy.

Our view of human capital

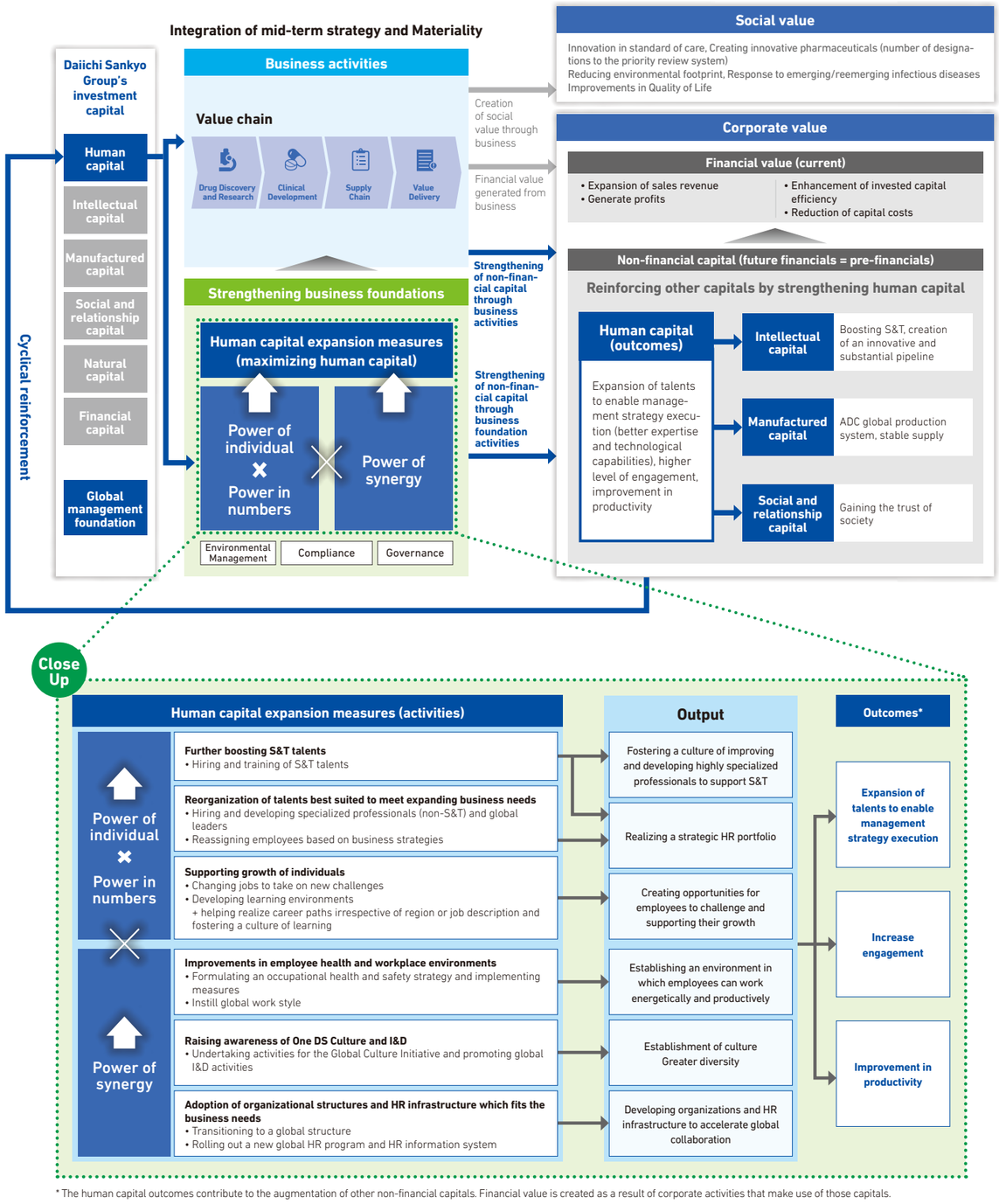
We position "our people" as the most important asset.
We respect the differences of each employee and aim to achieve mutually sustainable growth in both employees and the Company by encouraging and developing talents in all areas of the value chain. All of our business activities are supported by employees and we believe that for the global expansion of our business, acquiring diverse talent and implementing effective HR management are the sources of our competitiveness.

We define human capital as a combination of three elements: (1) the power of the individual, who is constantly growing; (2) the continuous supply of human resources to areas to be strengthened, structured in line with strategies; and (3) the structures, systems, and measures to synergize individuals and organization.



Cycle of human capital management

To realize sustained value creation and growth, our human capital management is based on a series of management cycles wherein human capital is maximized and business foundations are strengthened so that the Company's capital can be invested into business activities.



* The human capital outcomes contribute to the augmentation of other non-financial capitals. Financial value is created as a result of corporate activities that make use of those capitals.

Special feature

Daiichi Sankyo's Challenge to Realize the 2030 Vision

~ Providing new value for a changing society ~

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

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

CHALLENGE 01

Identify and build pillars and actions for further growth

P23

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

CHALLENGE 02

Contributing to society by realizing Healthcare as a Service (HaaS)

P24

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

CHALLENGE 03

Transforming into a truly global company
- Global Organization
- Global Talent

P25

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

DS initiatives to address the CHALLENGES

Transformation to boost strengths in Science & Technology

Strengthening Talents | **Deepening DX Technology** | **Advancing Organization**

P27

In this section, we describe how we are strengthening our foundation to address these major challenges Group-wide.
We introduce our transformation initiatives aimed at further bolstering our Science & Technology (S&T) strengths, the driving force of our value creation, under the categories of human resources, technology, and organization.

CHALLENGE 01

Identify and build pillars and actions for further growth

MESSAGE

Global Head of R&D
Ken Takeshita

The Daiichi Sankyo Group will maximize and expand our strengths and sources of innovation-Science & Technology, to realize our 2030 vision to become a global top 10 oncology company. By maximizing our five DXd-ADCs (5DXd-ADCs) built with our proprietary DXd-ADC technology, we will continue to rapidly deliver life-changing treatment options to more patients worldwide. Furthermore, for future sustainable growth, we will build and execute our R&D growth strategy to continue creating innovative medicines beyond these 5DXd-ADCs to patients around the world through drug discovery using a variety of modalities, such as our competitively superior ADC technologies. To be a source of innovation to improve patients' lives around the world, our R&D model will enable us to achieve sustainable growth for the Daiichi Sankyo Group that is both scalable for global expansion and agile enough to respond to environmental challenges.

Identify and build pillars for further growth beyond 2030: strategy and action plans

The Daiichi Sankyo Group will maximize and expand Science & Technology, our strength and source of innovation, to realize our 2030 Vision to become a global top 10 oncology company. By maximizing the five DXd-ADCs (5DXd-ADCs) created from our proprietary DXd-ADC technology, we will continue to rapidly deliver life-changing treatment options to more patients worldwide. Furthermore, for future sustainable growth, we will build and execute our R&D growth strategy to continue creating innovative pharmaceuticals beyond the 5DXd-ADCs to patients around the world through drug discovery using a variety of modalities, such as our competitively superior ADC technologies. For source of innovation to improve patients' lives around the world, our R&D model will enable us to achieve sustainable growth for the Daiichi Sankyo Group that is both scalable for global expansion and agile enough to respond to environmental challenges.

Strategy and action plans (Figure 1)

- Pursue the R&D strategy through steady progress of the "5DXd-ADCs and Next Wave" by maximizing the value of our five lead DXd-ADCs, establishing the next pillars of the oncology pipeline, and through identification and development of candidates for specialty medicine and vaccines.
- To contribute to the benefit of cancer patients through our Science & Technology, we are employing an Expand and Extend strategy to maximize the value of five DXd-ADCs and other oncology drugs in our pipeline (Figure 2). Through the Expand strategy, we aim to 1) establish DXd-ADC therapies in breast and lung cancers, 2) expand to patients in earlier lines of therapy, and 3) expand into other cancer types with high unmet medical needs. In our Extend strategy, 1) we will address unmet needs based on the scientific merits of individual medicines in our pipeline. In addition to that, by taking into account our advantages in certain cancers with *Enhertu*® and other drugs from our pipeline, 2) we seek to create effective treatments for patients who are post-DXd-ADCs including novel assets and next-generation/new-concept ADCs, and novel combinations.
- In the areas of specialty medicine and vaccines, we will build and execute growth strategies based on our proprietary modality technologies.
- To commercialize and deliver robust pipelines to patients rapidly, we will establish efficient and effective governance as a single "One Global R&D" organization that crosses regional and functional boundaries. We are building a global development platform that can be expanded as the pipeline grows. We are strengthening global early development and precision medicine* functions to accelerate the growth of post-5DXd-ADCs assets. We are also enhancing our drug discovery research productivity through exploratory research and digital transformation in oncology and specialty medicine to enhance our productivity in drug discovery.

* Innovative approach to tailoring disease prevention and treatment that takes into account differences in genetics, environments, and lifestyles

Figure 1
From "3 and Alpha" to "5DXd-ADCs and Next Wave"

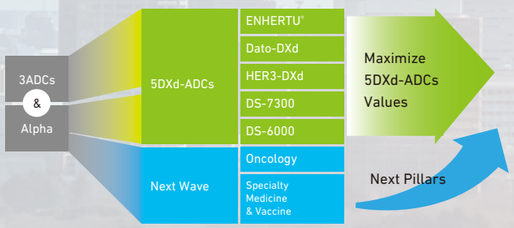
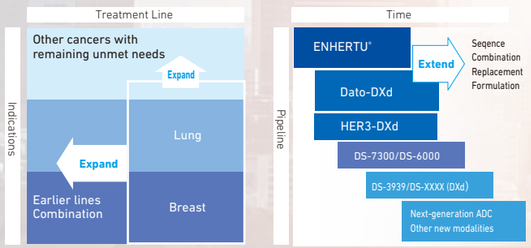


Figure 2
EXPAND & EXTEND to deliver our technology to more patients



For more information on the Daiichi Sankyo Group's pipeline, click here.
https://www.daiichisankyo.com/rd/pipeline/

CHALLENGE 02

Contributing to society by realizing HaaS

MESSAGE

Vice President, Global DX HaaS Planning Department
Shin Nakajima

"Bringing smiles to patients, their families, and society" - this is what we are aiming for. We will provide new value to patients and their families by realizing a Healthcare as a Service (HaaS)*1 that includes preventive medicine, telemedicine, and other healthcare services, and engage in the Patient Journey and each individual's Life Journey. With the convergence of healthcare and digital technologies, as well as changes in the industrial structure, the HaaS perspective is becoming increasingly important as a potential solution to today's and tomorrow's social issues. In particular, we believe that our mission as a leader in the field of oncology is to contribute to the well-being of cancer patients, including their health and happiness.
The HaaS Planning Department, newly established this fiscal year, is a diverse group of experts from research, development, marketing, sales, digital and medical devices. With our advanced scientific capabilities and the trust with society we have built over the years, we will work to create innovative services and solutions that patients can use with confidence.

The value that Daiichi Sankyo provides to society through HaaS

Advances in drug research and development have led to the creation of an increasing number of promising products for cancer patients. On the other hand, there are many peripheral symptoms and quality of life (QOL) concerns, and there is an urgent need to address the issues that patients face, including physical issues such as fatigue and discomfort, psychological issues such as anxiety and stress, and economic and social issues such as social participation and concerns of family members and caregivers.

Solving these issues and contributing as much as possible to improving patients' well-being requires comprehensive support and care.

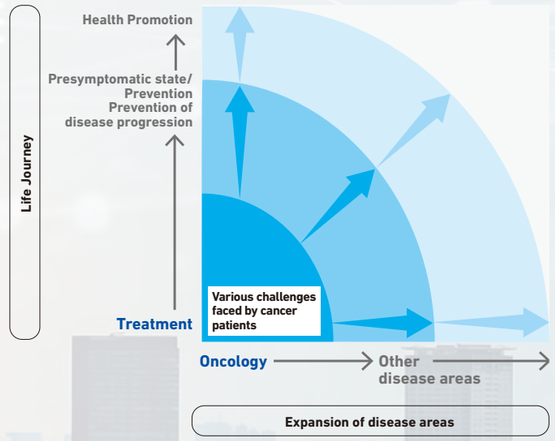
We are working to solve these issues by establishing the Total Care Ecosystem*2/Total Care Platform*3 as part of our efforts to realize HaaS. In FY2022, we initiated the Total Care Ecosystem projects with Google, Google Cloud Japan, ExaWizards and Deloitte Tohmatsu Financial Advisory. We are also working on developing various digital solutions centered on our Software as a Medical Device (SaMD) program, and for our mobile app that supports patients as they go through cancer treatment. We have incorporated patient feedback into product development and are currently preparing for supporting clinical trials also.

In the future, we will not only expand the range of diseases we seek to address, but we will also seek to improve the overall Patient Journey beyond medicines.

We believe these initiatives will contribute to a sustainable society by supporting health and well-being, reducing costs and expanding access to healthcare.

*1 HaaS refers to providing health and medical services that are optimized and tailored to each individual by utilizing a variety of data and advanced technologies.
*2 An ecosystem in which companies, organizations, data providers, technology companies, and others in the health and medical fields collaborate to create and provide total care that covers health promotion, disease prevention, medical treatment, and prognosis, with the aim of solving the problems of individual patients and consumers and ensuring their well-being.
*3 An IT platform within the Total Care Ecosystem that enables the utilization of data by linking personal health and medical data using a universal ID.

HaaS strategy to provide services and solutions across the Life Journey



Achieve total care through using various data points to develop new modalities/solutions that expand into all phases of life and new disease areas

CHALLENGE 03

Transforming into a truly global company

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

Strengthening the foundation of the global organization

Strengthening the foundation of the OBU

Our Oncology Business Unit (OBU) was designed knowing we will have the humbling and incredible opportunity to be the primary driver of global growth for the Group over the next decade and beyond.

Our structure and culture eliminates silos, builds confidence, and create trust, allowing us to anticipate and respond quickly to stakeholder needs. It is our obligation to move swiftly because cancer will not wait. We internalize feedback and insights from patients and the entire community. Learnings from each launch will also inform our future initiatives. We deliver the data, evidence, and support they need as the practice of oncology continues to evolve at a fast pace, with new and more specific genetic testing and treatment paradigms.

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

Global management structure

To achieve our FY2025 target and realize our 2030 Vision, we work with a global network of members across various functions and regions to mobilize the Group's collective strength and provide new treatment solutions to patients as fast as we can. We aim to streamline business operations by having four functional units direct the formulation and execution of global strategies in their respective areas of expertise, with six business units structured around disease areas responsible for formulating and executing strategies for each area and region.

On April 1, 2023, we revised our global management structure to further globalize, including by establishing the Technology Unit consisting of Pharmaceutical Technology, Supply Chain and Biologics Units. We named chief officers*4 to lead of newly formed global functions, overseeing the entire Group's activities from a management perspective. This experienced leadership team will work to improve corporate value and address the challenges we may face during our globalization process.

In addition, to ensure smooth Group management and to support our growth as a unified team, we reorganized the Corporate Unit into seven global corporate functions and are taking on initiatives to transform the Group globally (Project CONNECT). This transformation is scheduled to be completed by the end of FY2025.

*4 Chief Strategy Officer (CStO), Chief Digital Transformation Officer (CDXO), Chief Human Resources Officer (CHRO), General Counsel (GC)

Click here for the Global Management Structure Chart
https://www.daiichisankyo.com/about_us/mission-strength/global_operations/

Project 4D (Daiichi Sankyo Data-Driven Decision Making)

We launched Project 4D to build "Data-Driven management" that enables speedy and sound decision making. We aim to standardize business processes and systems globally, reform the operating model and improve enterprise resource planning (ERP) across finance, human resources, manufacturing, supply chain, services, procurement, and more . We will integrate our ERP systems globally with a phased migration across Group companies in Japan, the US, and Europe from 2025 to 2027.

VOICE

James Felix
Vice President, Information Technology and Regional IT Head Americas Daiichi Sankyo, Inc.

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

Fostering a One DS Culture and developing global talent

MESSAGE

CHRO
Takashi Matsumoto

The Daiichi Sankyo Group employs more than 17,000 people worldwide. To bring medicines such as *Lixiana*® and *Enhertu*, as well as other products under development, to patients around the world, we need our employees to collaborate and work together seamlessly throughout the value chain. In order to realize our 2030 Vision of becoming an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society" and evolve into a truly global company, we must not only globalize our organizational structure, but also develop global diverse talent from different cultures and with unique ways of thinking. It is also important to foster a corporate culture where all employees learn and grow, trust each other, have a sense of belonging, and remain engaged. We are building a human resource infrastructure that enables all of the above, so that the organization can function effectively. Against this backdrop, we are promoting the Global Culture Initiative to foster a One DS Culture, while also establishing a global leadership development program and a shared global human resource (HR) system and HR information system.

One DS Culture

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

▶ For more information on fostering the One DS Culture, please refer to P40

Boosting engagement

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

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

	Category	Item	Comparison versus FY2021
Core Behavior	Be Inclusive & Embrace Diversity	Belonging	+1
		Opinions Count	+3
		Equal Opportunity	+5
	Collaborate & Trust	Trust-Team	+2
		Transparency	+3
		Collaboration	+1
	Develop & Grow	Learn from Mistakes	+2
		Feedback	+5
		Opportunities for Growth	+4

Shared global talent development

Among the global engagement survey items, we monitor the "Opportunities for Growth" score as a key performance indicator of our culture and engagement objectives.

To support shared global talent development measure, we are now offering multiple in-person and online learning opportunities to global employees, creating an environment that enables anyone to learn anytime and anywhere.

Inclusion & Diversity (I&D)

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

▶ For more information on I&D, please refer to P81

VOICE

Audit & Supervisory Board Member
Miyuki Arai

Today, Daiichi Sankyo is at a stage where it has the potential to make an unprecedented leap forward. To realize our 2030 Vision and become a truly global company in accordance with our Purpose, it is essential that we translate the diversity of our employees into innovation. From my own experience to date, I am keenly aware that the perspectives, knowledge, and experience of many different people are essential to success, and I believe this is the essence of I&D.

In terms of the empowerment of women, women comprised 33% of our all executive position across the globe in FY2022. However, there are large variations between countries and regions. We also recognize it is not just a matter of achieving a numerical target for women as executives. As an Audit & Supervisory Board Member, I recognize that a diverse environment where all employees, regardless of nationality, race, age, gender, etc., can fully demonstrate their individual strengths in their own way, are willing to take on challenges. We must also ensure the newer generations of talent who will lead the next generation of success at Daiichi Sankyo are supported and feel they belong.

Transformation to boost strengths in S&T

SCIENCE & TECHNOLOGY

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

Transformation 01 Strengthening Talents

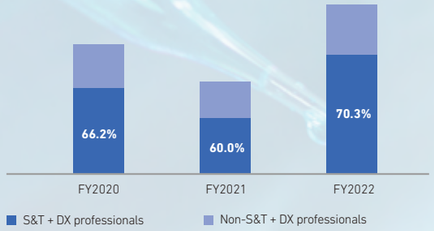
Proactively acquiring highly specialized professionals to underpin our strengths in S&T

To further boost our strengths in S&T, we not only develop our current talent, but we also seek to recruit top S&T talent externally, particularly those with a transformation mindset, particularly in the areas of drug discovery research, pharmaceutical technology, and digital transformation (DX) professionals*5. Since FY2020, the ratio of S&T and DX professionals as a percentage of all career hires has reached 60-70% globally. To further boost our strengths in S&T, we will continue to focus on attracting excellent talent through a variety of recruiting channels.

*5 People with a transformative mindset who understand both the business requirements and digital data in each of the DS Group's value chains.

▶ For more information on human capital including human resources, please refer to P19

Ratio of highly specialized professionals to total number of career hires (Japan)



Transformation 02 Deepening DX Technology

To fulfill our 2030 Vision, we are promoting DX initiatives under the banner of our 2030 DX Vision "As Innovative Global Healthcare Company, we will contribute to healthcare transformation by fully leveraging the promise of data collection and digital technology." The features of our DX initiatives lie in our centralized DX promotion system, Integrated Data Analysis Platform (IDAP) and diversity of human resources, which enables us to continue creating value over the mid-to-long-term. Leveraging these features, we will further utilize advanced digital technologies and data to deepen our existing business model, such as accelerating and automating R&D by applying data-driven drug discovery, artificial intelligence (AI), and other technologies. In May of FY2023, our achievements since the establishment of the DX promotion organization were recognized when we were selected as the DX Stock 2023*6, which is a list of companies on the Tokyo Stock Exchange that have established internal mechanisms to promote DX to enhance corporate value and have demonstrated outstanding achievements in using digital technologies.

DX銘柄2023 Digital Transformation

*6 Selected the stocks of outstanding companies for their continuous outstanding efforts for not only introducing exceptional information systems and utilizing data, but also boldly taking efforts to change their business models and management practices in a continuous manner based on digital technologies.

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

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

Through the experience of using Metaverse, we are also trying to create and materialize ideas for business utilization, which is expected to lead promote DX from the individual employee level and foster a DX promotion culture.

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

We are utilizing AI for compound design and property prediction to discover high-probability new drug candidates and accelerate drug discovery. In addition, we are leveraging IDAP for safety information monitoring. Furthermore, we are incorporating Real World Evidence (RWE)*7 obtained from analyzing Real World Data (RWD) to apply for drug approvals in the field of oncology, including our five lead ADCs, as well as to understand the real world treatment use and conduct cost-effectiveness analysis. Furthermore, to improve efficiency in supporting clinical trials, we will use AI technologies to automatically identify protocol deviation categories. These efforts facilitate efficient and rapid clinical development and accelerated delivery of therapeutic options.

▶ For more information on the use of IDAP in oncology, please refer to P34

*7 Clinical evidence gained from analyzing Real World Data (data on patient health status and/or health care delivery routinely collected from a variety of data sources)

Transformation 03 Advancing Organization

MESSAGE

Head of Technology Unit
Hiroto Kashiwase

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

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

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

We commit to ensuring a stable supply of investigational drugs and commercial products globally, reducing costs continuously, contributing to new modality development, and creating technology-based new businesses, by taking responsibilities from developing technologies and processes to commercial manufacturing/supply, through consistent technological/manufacturing managements throughout the product lifecycle.

The Technology Unit's 2030 Vision is "A Global Technology Unit creating the future of healthcare". This Vision reflects five aspirations and ambitions.

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

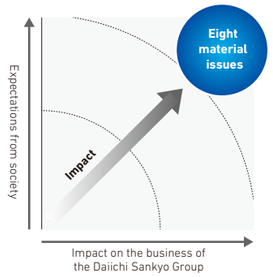
We will contribute to the rapid and reliable delivery of our innovative pharmaceutical solutions to patients around the world, by further deepening and integrating our collaboration beyond the organizational boundaries with realizing our Vision, aspirations, and ambitions.

Materiality

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

Materiality Identification and KPIs Setting Process

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



Materiality identification and KPI setting process (2015 to 2021)

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

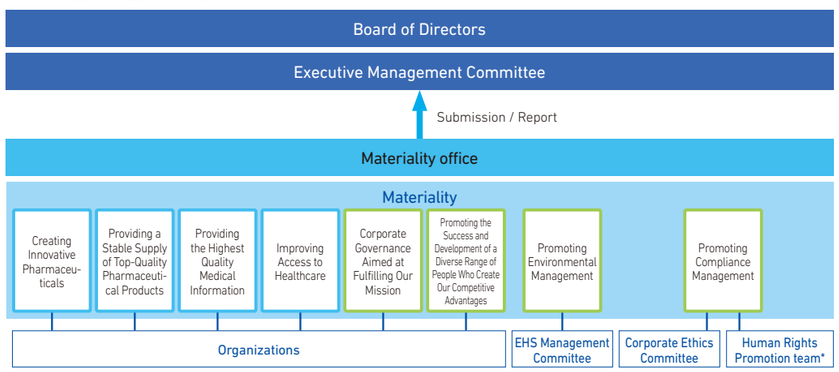
Materiality Management

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

In order to promptly reflect any change in the impact on the business of the Group due to changes in the expectations and requests from society as well as our external environment to our Materiality and to work toward further evolution, we set targets and conduct reviews of each relevant material issue, manage the progress, and promote regular discussions by the Executive Management Committee and Board of Directors in the annual management cycle. During our FY2022 discussions, we decided to add "cumulative number of projects designated to the priority review system" as a new KPI to indicate the realization of our Purpose by more quickly delivering our innovative pharmaceuticals to patients. In addition, in recent years, there has been a much stronger need to reduce CO_2 emissions throughout the supply chain (Scope 1, 2, and 3) to help achieve a decarbonized society, so we have set the following as one of our KPI targets: ensuring that at least 70% of our business partners (Scope 3, Category 1) set targets at the 1.5°C level (the SBT level). To achieve our 2030 Vision, we are also continuing to consider our indicators for contribution to patients and social impact, human capital management and disclosure, including discussion by the Board of Directors.

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

Materiality Management System

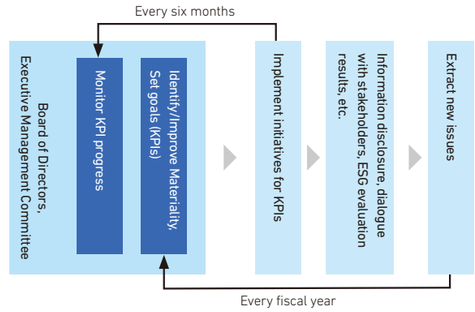


* A team that promotes human rights due diligence as a cross-functional organization within the Company

EHS Management Committee
Striving to protect the environment and ensure health and safety while achieving the uniform management and promotion of environment, health, and safety management for which there is a high likelihood of risks occurring

Corporate Ethics Committee
Promoting management that complies with domestic and international laws and corporate ethics as well as corporate ethics and fulfills our CSR, ensuring that executives and employees put compliance into practice

Materiality Management Cycle



Reasons for Selecting Materiality

Materiality on Business

Creating Innovative Pharmaceuticals

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

Providing a Stable Supply of Top-Quality Pharmaceutical Products

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

Providing the Highest Quality Medical Information

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

Improving Access to Healthcare

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

Materiality on Business Foundations

Promoting Environmental Management

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

Promoting Compliance Management

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

Corporate Governance Aimed at Fulfilling Our Mission

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

Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages

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

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

List of Materiality

	Materiality on Business				Materiality on Business Foundations				
	Creating Innovative Pharmaceuticals P22, 33, 35	**Providing a Stable Supply of Top-Quality Pharmaceutical Products** P33	**Providing the Highest Quality Medical Information** P33	**Improving Access to Healthcare** P33, 36	**Promoting Environmental Management** P39, 69		**Promoting Compliance Management** P39, 73, 77, 83	**Corporate Governance Aimed at Fulfilling Our Mission** P53	**Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages** P26, 27, 40, 80
Long-term target	Create innovative pharmaceuticals continuously, utilizing our strength (science & technology)	Establish a robust global supply chain system to provide a stable supply of top-quality pharmaceuticals	Provide safety and efficacy information so that healthcare professionals can always use our products for the treatment of patients with confidence	Contribute to improving access to healthcare, working with stakeholders such as the government, payers and alliance partners	As a healthcare company, we will proactively reduce the environmental impacts of our business operations and seek to implement advanced climate change countermeasures		An organization in which every employee behaves with high ethical standards as well as in compliance with applicable laws and regulations	Establish a corporate governance structure that enables speedy decision making and supervisory and monitoring function for management and execution	Aim at mutual continuous growth of the employees and the company by respecting diversity and promoting the success and development of talents in all businesses
Challenges for realizing materiality	• Creating the advanced products and pipeline to transform the SOC in the oncology field • Development of innovative medicines and preventive medicines with new modalities	• Establishment of a global production and supply system through appropriate capital investment corresponding to the increase of new modality products including ADCs	• Provision of highly useful pharmaceutical information in areas with high expertise/individuality	• Global expansion of oncology products by utilizing collaboration with AstraZeneca, etc. • Response to new risks such as COVID-19 through collaboration with external institutions by utilizing our strengths and assets	• Reduction of the environmental impact of the entire supply chain • Proactive introduction and use of renewable energy • Use and implementation of decarbonization technologies, such as hydrogen application • Expansion of the scope of use for plastics removal, and technological development • Minimization of environmental risks such as pollution risks		• To raise awareness for compliance among all executives and employees • To prevent non-compliant behavior of employees • To promote business partners' understanding of sustainable procurement and to minimize compliance risks • To improve human rights efforts through the human rights due diligence	• Maintain and continue to build an optimal corporate governance structure based on the expectations of society • Improve the effectiveness of both the Board of Directors and the Audit & Supervisory Board • Enhance and improve transparency regarding corporate governance	• Creating a work environment where a diverse range of talents are highly engaged and can maximize their potential • Acquisition and training of talents to enhance business competitiveness
FY2025 KPI Targets	(1) 3ADC: 8 indications launched (as new indications during the mid term plan period) (2) Multiple projects to become the new growth driver after 3ADCs are in or above late development or more advanced stage (3) Post DXd-ADC modality is in development stage (4) Number of designations to the priority review system (report the cumulative number)	In house capital investment and CMO investment for the construction of ADC production system and stable supply of top quality pharmaceuticals to patients (including capital expenditure): Maximum 300 billion yen	Improvement of evaluation scores from stakeholders including healthcare professionals	(1) Increase the number of launched countries through collaboration with partners (2) Achievement of supply of COVID-19 vaccine (AZD-1222) of AstraZeneca as planed (FY2021) to contribute to mitigating new risks through cooperation with the regulatory authorities and other companies, Progress in development of *DS-5670* as planed	(1) Reduction of CO_2 emissions (Scope1 + Scope2)*4 by 42% from FY2015 (2) • Reduction of CO_2 emissions intensity based on sales (Scope3, Cat1)*4 by 15% from FY2020 • At least 70% of business partners (as procurement amount) set targets at the SBT level (1.5°C target)*5 (3) Renewable electricity utilization rate more than 60% (4) Maintenance of Waste plastic recycling rate by over 70% (5) Reduction of disposal of hazardous waste by 10% from FY2020		(1) Number of significant compliance violations*7: 0 (2) Number of Notable Industry Code Violations (NICV)*8: 0 (3) Improvement of periodic employee survey scores on ethical culture following baseline (4) Conduction of continuous compliance and promotional activities monitoring at each company (5) Sustainable procurement survey coverage rate 75% (6) Internal education and dissemination of our thoughts with business partners, Disclosing the result of education and training (7) No case of violation with ILO Core Labour Standards*9 as a result of human rights risk assessment through DS Group (8) Disclosure of results of business partners risk reduction initiatives related to ILO Core Labour Standards*9	(1) Complying 100% with all the principles of the revised Corporate Governance Code in Japan (2) Evaluating the effectiveness of the Board of Directors and implementing measures for improvement (including third party evaluation, two times by the end of FY2025) (3) Continuously evaluating and improving the effectiveness of the Audit & Supervisory Board (4) Disclosure through various communication materials with improved transparency in order to help stakeholders to understand the company's corporate governance	(1) Percentage of female in senior managerial employees*10 to 30% (2) Positive response rate (%) on corporate culture & work environment through engagement survey to 80% or more, or 10% or more increase compared to FY2021 (3) Positive response rate (%) on development & growth opportunities through engagement survey to 80% or more, or 10% or more increase compared to FY2021 (4) Disclosure of the result of the amount of training/development investments per employee
FY2022 results	(1) *Enhertu* • HER2-positive breast cancer 2L was approved (US: May 2022, EU: Jul.2022, JP: Nov.2022) • HER2 low breast cancer 2L was approved (US: Aug. 2022, EU: Jan. 2023, JP: Mar. 2023) • sBLA for HER2 mutant NSCLC 2L+ was approved (US: Aug., 2022) and submitted (JP: Dec. 2022, EU: Jan. 2023) • HER2 positive gastric cancer 2L was approved in EU on Dec. 2022 (2) No project progressed to late stage trials (3) *DS-5670* (LNP-mRNA) Submission a booster vaccine for the prevention of COVID-19 (JP: Jan. 2023) (4) Cumulative 20 (from FY2021)	• Expansion of supply capacity in response to demand forecast (Decision made to invest approx. 65 billion yen (cumulative total since FY2021, approx. 144 billion yen)) • Stable inventory secured for current commitments	• Japan Business Unit MR: 1st in all markets, MA: 1st in cardiovascular area, Product Information Center: 1st both in health insurance pharmacy pharmacists and hospital pharmacists*1 • EU Specialty Business Unit NPS*2 in 3rd place	(1) *Enhertu* launched: 35 countries and regions (FY2022: 10 countries and regions), Number of patients treated: Appx. 22,000 patient*3 (2) *DS-5670* Submission of a booster vaccine for the prevention of COVID-19 (JP: Jan. 2023)	(1) 49.6% reduction from FY2015 (109,735 t-CO_2*6) (2) 8.2% reduction from FY2020 (1,809,230t-CO_2*6) (3) 78.1%*6 (4) 69.3%*6 (5) 28.3% reduction from FY2020 (7,194t*6*11)		(1) 0 (2) 0 (3) No survey conducted in FY2022 (second survey will be conducted in FY2023) (4) Conducted monitoring at each company (5) 99% survey questionnaire collection rate, Sustainable procurement survey coverage rate 74%, Communication with 20 target suppliers based on survey results (6) Conducted internal awareness raising programs (two departments), individual interviews with outside suppliers (20 companies), and information sharing session with one supplier (7) • Drafted Human Rights Due Diligence procedure manual • Human rights training in each group company, Sent out CEO message (8) Conducted communication with 20 business partners based on the second Sustainable Procurement Survey	(1) Confirmed 100% compliance with the revised Corporate Governance Code (2) • Discussed priority themes identified in the Board Evaluation for FY2021 at the opinion exchange meetings among Directors and Audit & Supervisory Board Members • Discussed the optimization of the Board of Directors composition at the Nomination Committee • Shared the process at the Board of Directors meeting, Conducted Board of Directors evaluation (3) • Implemented improvement measures to address issues identified in the FY2021 effectiveness evaluation • Conducted self-evaluation on the FY2022 effectiveness evaluation of the Audit & Supervisory Board and identified challenges to be addressed in FY2023 (4) • Reflected the revisions of Directors Regulations in disclosure materials • Updated the corporate governance pages on our website • Published round-table discussion with Outside Directors and messages from the Chairpersons of the Board of Directors, Nomination Committee and Compensation Committee in the Value Report • Participation at the ESG Briefing	(1) 19.2%(+1.3% YoY) (2) 77% of positive response rate (3) 75% of positive response rate (4) ¥145,734 (+¥49,573 YoY)
(1) Economic value creation (2) Social value creation	(1) Expand R&D pipeline and acquire intellectual property contributing to future revenue and profit (2) Contribute to the enrichment of quality of life around the world	(1) Increase revenue and profit, reduce/prevent the risk of declining corporate value (2) Contribute to the enrichment of quality of life around the world			(1) Enhance of corporate value by improving evaluation of environmental management initiatives (reduction/avoidance of the damage risk to corporate value) (2) Contribute to the development of sustainable living infrastructure through the early realization of a decarbonized society, solving of the marine plastic problem, and prevention of environmental pollution		(1) Enhance of corporate value by improving trust in our corporate brand (mitigation/prevention of the risks of damage to corporate value) (2) Maintain and enhance trust in the pharmaceutical industry, improving social compliance through sustainable procurement	(1) Improve sustainable growth of the company and enhancement of corporate value in the mid-to-long-term (2) Total value provided through our business operations, realize management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders	(1) Enhance of corporate value through developing talents to carry out business activities (2) Diversify of human resources, respect for human rights, talent development

*1 MR: Feb. 2022, INTAGE Healthcare Inc. (Rep-i), MA: Feb. 2022, INTAGE Healthcare Inc. Product Information Center: Nov. 2021, transcosmos inc. and The Japan Research Institute, Limited
*2 NPS: Net Promoter Score
*3 Estimated based on the formula dividing "total sales volume" by the "amount of use required by one patient per year"
*4 Scope1: Direct emissions from the reporting company's factories, offices, vehicles, Combustion of fuels etc.
Scope2: Indirect energy-derived emissions from electric power and other energy consumed by the reporting company
Scope3: Indirect emissions other than Scope1 and Scope2. Category 1 is emissions from activities up to manufacturing of raw materials, parts and containers/packaging materials
*5 Addition of KPI target in FY2022
*6 Subject to the third-party assurance
*7 Compliance violations which occur in domestic and overseas group companies are regarded as significant when disclosure under the relevant laws or regulations is required by the DS group
*8 Cases where there have been healthcare-related findings by the pharmaceutical regulatory authorities and industry-related organizations that may materially discredit or reduce confidence in Daiichi Sankyo Group of companies
*9 Freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation
*10 Senior managerial employees: percentage of women who are in positions equivalent to division heads or higher positions. The definition of senior managerial employees in the Group companies was changed in FY2020.
*11 Figures for FY2022 include waste temporarily generated from soil remediation at Odawara plant of Daiichi Sankyo Chemical Pharma Co.

Initiatives for Materiality on Business

One of our most important challenges is to continuously create innovative pharmaceuticals and deliver them to as many patients as possible by leveraging our strength in Science & Technology (S&T). The following is an overview of our Materiality on Business initiatives to maximize the value of *Enhertu*® to achieve our goal of becoming a Global Pharma Innovator with a competitive advantage in oncology.

Purpose
Contribute to the enrichment of quality of life around the world

Maximizing the value of *Enhertu*

Expanded indications

- HER2 positive metastatic breast cancer second- and third-line treatment
- HER2 low metastatic breast cancer (post-chemotherapy treatment)
- HER2 positive advanced gastric cancer second- and third-line treatment
- HER2 mutant metastatic non-small cell lung cancer second-line treatment

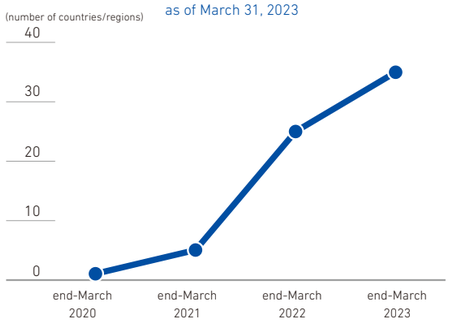
(Approved indications as of end-June, 2023)

Click here for details on the pipeline of the Daiichi Sankyo Group, in a wide range of cancer types and indications.
https://www.daiichisankyo.com/files/rd/pipeline/index/pdf/pipeline_2307_e.pdf

Expanded number of launched countries/regions

Cumulative total of 35 countries/regions

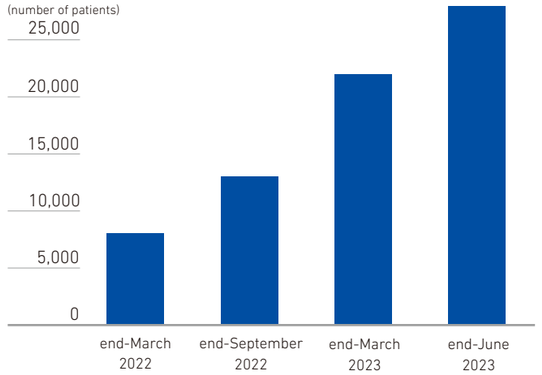
as of March 31, 2023



Number of patients treated

Approx. 29,000

as of end-June 2023



Achievements in FY2022

May 2022
6: Approved as HER2 positive metastatic breast cancer second-line treatment in the US

June
22: Submitted application for HER2 low metastatic breast cancer (post-chemotherapy treatment) in Europe
27: Submitted application for HER2 low metastatic breast cancer (post-chemotherapy treatment) in Japan

July
19: Approved as HER2 positive metastatic breast cancer second-line treatment in Europe
25: Submitted application for HER2 low metastatic breast cancer (post-chemotherapy treatment) in the US

August
8: Approved as HER2 low metastatic breast cancer (post-chemotherapy treatment) in the US
12: Approved as HER2 mutant metastatic non-small cell lung cancer second-line treatment in the US

November
19: Approved as HER2 positive metastatic breast cancer second-line treatment in Japan

December
13: Submitted application for HER2 mutant metastatic non-small cell lung cancer second-line treatment in Japan
19: Approved as HER2 positive advanced gastric cancer second-line treatment in Europe

January 2023
5: Submitted application for HER2 mutant metastatic non-small cell lung cancer second-line treatment in Europe
26: Approved as HER2 low metastatic breast cancer (post-chemotherapy treatment) in Europe

March
27: Approved as HER2 low metastatic breast cancer (post-chemotherapy treatment) in Japan

Creating innovative pharmaceuticals

Toward Expanding Indications for *Enhertu*

We are working to expand the range of indications for *Enhertu*, our flagship mainstay product, to make it the first cancer drug of choice that can transform treatment and outcomes for patients with HER2-targetable tumors. In FY2022, we received approval for the second-line treatment of HER2 positive metastatic breast cancer and HER2 low metastatic breast cancer (post-chemotherapy treatment) in Japan, the US, and Europe, and for the second-line treatment of HER2 mutant metastatic non-small cell lung cancer in the US. Furthermore, we will continue our activities to deliver new treatments to patients and medical communities as quickly as possible in the field of oncology, where many people still suffer.

Added cumulative number of designations to the priority review system as a new KPI item

To embody the Group's Mission of delivering "innovative pharmaceuticals" to patients as quickly as possible, and as an indicator demonstrating our progress toward fulfilling our Purpose, we have added the number of projects designated to the priority review system in Japan, the US, Europe, and China as a KPI item beginning in FY2022, and are continuously monitoring this metric. Since FY2021, we have had 20 such projects.

Region	Primary priority review system
Japan	Orphan drug Priority review Rapid review SAKIGAKE designation
the United States	Priority Review Accelerated Approval Fast Track Breakthrough Therapy
Europe	Accelerated Assessment Conditional Approval PRIME
China	Conditional Approval Procedure Priority Review and Approval Procedure Breakthrough Therapeutic Drug

Providing a stable supply of top-quality pharmaceutical products

Building a robust global supply chain to meet the increasing demand for the 3ADCs

We are making capital investments in our own plants to maximize the supply of the 3ADCs, which is the key to our transformation into a global R&D leader in oncology. Furthermore, to ensure a stable supply in the future, we are implementing measures such as securing production lines from contract manufacturing organizations (CMOs) in addition to boosting our own manufacturing capacity. In FY2022, we made the decision to invest approximately ¥65.1 billion. We will build a global production and supply system with appropriate capital investment to accommodate the increase in ADCs and other new modality products.

Providing the highest quality medical information

Timely monitoring and provision of safety information in oncology

With the global launch of oncology products, it has become increasingly important to manage and monitor the enormous amount of safety information in a timely manner. We use the Integrated Data Analysis Platform (IDAP) to streamline data aggregation and to monitor the compliance status of proper use more efficiently. With regard to interstitial lung disease, which is a particularly important component of the safety profile, we have achieved timely monitoring and provision of information to detect the disease at an early stage and prevent it from worsening.

Improving access to healthcare

Sales of *Enhertu* expanded to 35 countries and regions

Enhertu was first launched in the US in January 2020 for its first indication, third-line treatment of HER2 positive metastatic breast cancer, followed by Japan in May 2020 and Europe in February 2021. Since then, we have been working to accelerate market penetration in Japan, the US, and Europe, as well as to quickly launch the product in other markets and further expand the range of indications. We have a strategic alliance with AstraZeneca, which does business in more than 70 countries and regions in the oncology field, and *Enhertu* is now available in a total of 35 countries and regions as of the end of March 2023. In addition, we have provided the product to approximately 29,000 patients as of June 2023.

In April 2021, the Daiichi Sankyo Group announced its current 5-year business plan (FY2021-FY2025) toward realizing our 2030 Vision. Following is an overview of major initiatives under that 5-year plan.

Strategic Pillar 1

Maximize our 3 Lead ADCs

- Maximize *Enhertu*® and *Dato-DXd* through strategic alliance with AstraZeneca
- Maximize *HER3-DXd* without a partner
- Expand work force and supply capacity efficiently in a phased manner depending on changes around product potential

Our three lead ADCs refer to *Enhertu*, *Dato-DXd*, and *HER3-DXd*, which are all based on our proprietary DXd-ADC technology. These three medicines are strategic priorities where we are concentrating much of our R&D and human resources. In the oncology area, we expect to achieve revenue of over ¥900 billion in FY2025, well above the ¥600 billion originally planned, thanks to the strong sales prospects of *Enhertu* and the steady progress in development for the three lead ADCs. (Figure 1)

Enhertu is our largest growth driver. In FY2022, *Enhertu* earned new indications in the US, Europe, and Japan as a second-line treatment for HER2 positive breast cancer, and for HER2 low breast cancer post chemotherapy treatment, thanks to positive results in the DESTINY-Breast03 and DESTINY-Breast04 trials. In lung cancer, *Enhertu* was approved in the US as a second-line treatment for non-small cell lung cancer (NSCLC) with HER2 mutation. Furthermore, we are steadily expanding the number of countries and regions where this medicine is available, including China, where it is indicated for the second-line treatment of HER2 positive breast cancer. FY2022 global *Enhertu* sales grew to ¥207.5 billion.

Research and development to further maximize the value of *Enhertu* is steadily progressing, and we anticipate new indication approvals during the current 5-year business plan to far exceed our initial plan. (Framed in by the red square in Figure 2) In addition, the development of both *Dato-DXd* and *HER3-DXd*, is progressing faster than originally planned. Pivotal trials*1 are progressing, and multiple phase 3 trials for additional indications after launch already initiated. To complete these trials, we expect R&D expenses to exceed our initial plan. However, all of these trials are essential for maximizing these three ADCs for the ultimate benefit of patients with these devastating and difficult to treat types of cancer. We are making priority investments in DXd-ADC development with the aim of securing approval and delivering these medicines to patients as soon as possible for further growth in the future.

*1 Tests to prove the efficacy and safety of pharmaceutical products. Conducted to acquire the data required to apply for regulatory approval.

Figure 1 Expectation on Oncology Revenue
(as of 2023 Apr.)

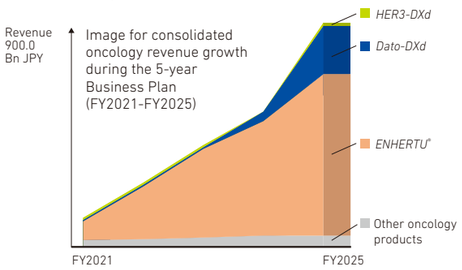
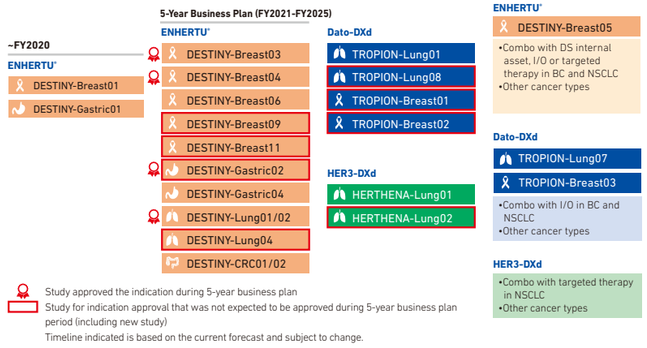


Figure 2 3ADCs launch plan



Strategic Pillar 2

Profit growth for current business and products

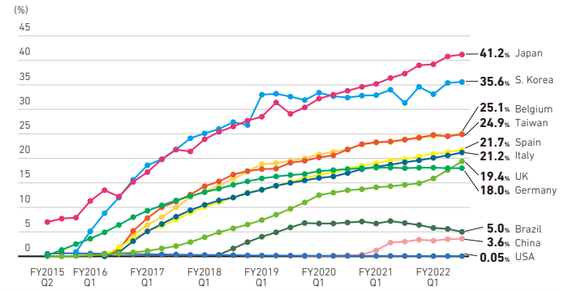
- Maximize *Lixiana*® profit
- Grow *Tarlige*®, *Nilemdo*®, etc. quickly
- Transform to profit structure focused on new drugs
- Profit growth for American Regent, Inc. and Daiichi Sankyo Healthcare Co., Ltd.

For our existing global mainstay product, *Lixiana*, the addition of a new dosage and administration regimen has improved the value of the product. Sales in each country and region continue to grow faster than expected. In addition to Japan, Korea, and Taiwan, sales are steadily expanding in Belgium, Spain, the UK, and other European countries. In FY2022, global revenue for *Lixiana* rose ¥38.3 billion year on year to ¥244.0 billion; in FY2023, we aim to further accelerate growth to reach ¥259.4 billion in revenue. (Figure 3)

To enhance our product portfolio, we launched a new orally disintegrating tablet (OD tablet) in Japan in May 2022 for *Minnebro*®, an antihypertensive agent we began marketing in 2019. Furthermore, under a marketing alliance agreement with Eli Lilly Japan, we launched migraine medication *Reyvow*® in June 2022. We launched anti-cancer agent *Ezharmia*® in December 2022. In September 2022, we obtained approval for the OD tablets of pain treatment *Tarlige* and are preparing to launch the product in the first half of the year 2023. In March 2023, we received marketing approval for intranasal live attenuated influenza vaccine *Flumist*® as an indication of prevention, for which we have a development and marketing license agreement with AstraZeneca's subsidiary MedImmune. We aim to launch this vaccine in FY2023.

In the US in August FY2022, American Regent acquired HBT Labs, Inc., a company engaged in the research and development, manufacturing, and marketing of generic oncology injectable drugs. Through synergies with HBT Labs, we aim to strengthen our product portfolio and further grow our generic injectables business. Furthermore, Daiichi Sankyo Healthcare has achieved steady profit growth by gaining the top market share in its target market of OTC drugs.

Figure 3 *Lixiana* : Growth in each country/region



Strategic Pillar 3

Identify and build pillars for further growth

- Identify new growth drivers following our 3 Lead ADCs
- Select new modalities for further development, to follow DXd-ADCs

DS-7300 (B7-H3-directed ADC) and *DS-6000* (CDH6-directed ADC) are rising stars in our portfolio, as they have tremendous promise for patients and therefore to become growth drivers.

For *DS-7300*, we obtained interim analysis data suggesting an early efficacy signal in a variety of cancer types in the phase 1 trial. We have also initiated a phase 2 trial for second-line treatment of advanced small cell lung cancer.

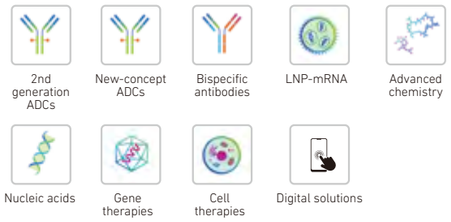
For *DS-6000*, we received interim analysis data suggesting early efficacy signals in ovarian cancer and renal cell cancer in the phase 1 trial.

Given the heightened potential of both products, we have accelerated their development in a variety of cancer types, and updated our R&D strategy from "3 and Alpha" to "5DXd-ADCs and Next Wave" from April 2023 onward.

Furthermore, we are making steady progress in selecting post DXd-ADC modalities, such as initiating a phase 1 trial of a next-generation Daiichi Sankyo ADC, *DS-9606*, for the treatment of solid tumors. (Figure 4).

▶ For more information on 5DXd-ADCs and Next Wave, please refer to P23

Figure 4 Diverse modalities



Strategic Pillar 4

Create shared value with stakeholders

- Patients: Contributing to patients through patient centric mindset
- Shareholders: Balanced investment for growth and shareholder returns
- Society: Environmental load reduction across the value chain, and actions against pandemic risks
- Employees: Create One DS Culture through fostering our Core Behavior

To promote ESG management from a long-term perspective, we are engaging to create shared value with our stakeholders, including patients, shareholders, investors, the society and environment, and employees. In terms of co-creating with society, we are making progress in addressing pandemic risk with *DS-5670*, an mRNA vaccine we are developing to prevent COVID-19. The research and development of *DS-5670* has been supported by the Project for Promotion of Vaccine Research and Development of the Japan Agency for Medical Research and Development (AMED) and the Emergency Project for Vaccine Development and Production System Improvement*2 of the Ministry of Health, Labour and Welfare. In August 2023 we received approval of the original strain booster vaccination, and in May 2023 we started phase 3 trials of the mutant strain vaccine. Based on the trial results, we aim to obtain approval for Omicron strain vaccines and supply mRNA vaccines for new variant strains in Japan.

*2 Project aimed at developing a production system for biopharmaceuticals, including vaccines, in order to produce vaccines as quickly as possible and to secure them for the people of Japan in order to prevent the spread of unforeseen infectious diseases and to prevent serious illnesses.

For more information on creation of shared value with patients, society, and employees, please refer to P37
For more information on creation of shared value with shareholders, please refer to P45

Here we introduce how we create shared value with patients, business partners, and employees all while respecting the Earth and our global environment. "Creating Shared Value with Stakeholders," is one of the strategic pillars of our current 5-year business plan (FY2021-FY2025).

▶ For more information on creating shared value with shareholders and investors, see P45

MESSAGE

Head of Global Corporate Strategy
Takashi Fukuoka

To continue realizing our Purpose to "contribute to the enrichment of quality of life around the world," we must promote ESG management from a long-term perspective. In doing so, we believe it is extremely important to build mutual trust with patients and a variety of other stakeholders.

The Daiichi Sankyo Group views stakeholder expectations as a sustainability issue, and we are committed to integrating this into our corporate strategy and working on it as part of our business activities.

These include promoting patient centricity, driving toward carbon neutrality, fostering our One DS Culture, and leveraging Daiichi Sankyo's strengths. We must understand and fulfill the expectations and needs of our diverse and valued stakeholders - patients, shareholders, investors, society, and employees. We ensure their values and perspectives are woven into our own value chain - transcending organizational boundaries. We will continue to work together with our stakeholders to build a sustainable society through constructive dialogue and further pursuing innovation and overcoming new challenges.

Patient Advocacy

The Group has always put the patient at the center of all of its activities and is continually building on our patient centric initiatives.

The primary goal of Daiichi Sankyo Global Medical Affairs function is to accelerate scientific understanding to improve patients' lives. We work to close existing evidence gaps with information that healthcare providers and payers require, to help them make optimal treatment decisions with their patients. Global Oncology Medical Affairs (GOMA), which sits within the Oncology Business Unit (OBU), develops medical strategies for the collection and dissemination of data and scientific evidence through support for, and execution of, clinical research, observational studies, meta-analyses*1, investigator-initiated clinical trials*2, and expanded access programs, with a vision to be trusted partners contributing to Daiichi Sankyo being recognized as a leader in the treatment of cancer.

The advent of patient-focused drug development (PFDD), a systematic approach to help ensure that patients' experiences, perspectives, needs and priorities are captured and meaningfully incorporated into drug development and evaluation, has underscored the priority of engaging "the voice of the patient" in therapy development. We firmly embrace the patient advocate philosophy "Nothing about us without us." The Daiichi Sankyo Global Patient Advocacy team, which sits within GOMA, has established strong partnerships with advocacy organizations to further deepen our understanding of patients' lived experiences and needs, including their unmet needs. Topics of great importance to the patient community include access to innovative medicines, better understanding of the treatment landscape, how medicines are sequenced in the patient's treatment plans, how side effects can be managed better for a better survivorship experience, the importance of biomarker testing especially with targeted medicines, and how diverse populations are included in clinical trials. Patient feedback and insights directly inform both development of clinical trials and bringing our approved drugs to market, so that our medicines and services truly add value to the lives of patients living with cancer, giving them more hope for the future to improve their lives. It also allows researchers to proactively inform, educate and explain the requirements of the studies and overarching needs of the research program in language and approaches relevant for patients. The Patient Advocacy team also creates opportunities for all Daiichi Sankyo employees to maintain and strengthen their patient centric mindset by bringing patient and caregiver stories to the Daiichi Sankyo organization. These activities include featured patient speakers at employee events, volunteer activities for employees to support an advocacy organization. Further, GOMA and the Patient Advocacy team explain highly scientific information in lay language so that patients and their caregivers can educate themselves and have more informed discussions with their providers.

*1 Method for integrating and analyzing test information collected in a comprehensive manner.
*2 Studies conducted mainly by physicians with the aim of establishing the best method or better combination of drugs from the drugs, treatments and diagnostic methods approved by the Ministry of Health, Labour and Welfare to date.

We welcomed a patient to our booth in order to reinforce our dedication to patients at the 2023 ASCO (American Society of Clinical Oncology) Meeting.

To connect more closely with patients, the OBU created and disseminated to all employees a set of cards*, each describing an actual patient's experience and story. Employees are encouraged to select a card and carry it with them throughout the day as a remind of why we do what we do.
* All individuals featured on our Journey cards are real patients who agreed to share their stories with us..

For more information on the patient centricity, please click here
https://www.daiichisankyo.com/sustainability/our_approach/patient_centricity/

COMPASS (Compassion for Patients Strategy)

COMPASS was launched in 2014 as a cross-functional activity of the R&D Division in Japan, and we have provided hospital training programs involving our employees and exchanges with patients with the aim of promoting patient-oriented drug discovery. From FY2022, we expanded the scope of activities to include the entire Daiichi Sankyo Group. We launched the "Healthcare Café" together with Takeda Pharmaceutical Company Limited, Santen Pharmaceutical Co., Ltd., and Kyowa Kirin Co., Ltd., and organize events to hear directly from patients. Through these activities, employees have gained a wealth of insight on the perspectives of patients and the medical practice. We will be contributing to the realization of "life with a smile" for people all over the world across the entire value chain.

For more information on a dialogue event with patients "Healthcare Café," please click here.

https://www.daiichisankyo.com/our_stories/detail/index_4348.html

PFDD (Patient-Focused Drug Development)

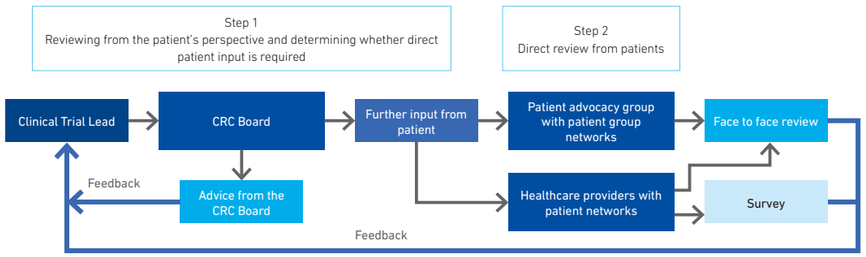
In order to create maximum value for pharmaceuticals, clinical trials should be developed with a clear understanding of how patients experience their disease and what are patients looking for in a new therapy. Conducting high-quality clinical trials not only reduces the burden on patients and therefore supports enrollment so that we can seek to shorten the time between discovery and drug approval.

PFDD is an activity that promotes drug development and builds trust among the patient community by specifically incorporating the experiences, perspectives, needs, and priorities of patients into the process from drafting drug development concepts to submitting applications for approval including planning and conducting clinical trials. We created the PFDD Framework unique to Daiichi Sankyo in Japan that enables the timely exchange and sharing of opinions through alliances with a patient advocacy groups, healthcare providers with patient networks, and the Clinical Research Coordinators (CRC) Board*3.

This framework enables us to incorporate a wide range of patient feedback into clinical trial processes, including the informed consent forms, the clinical trial protocol, Thank You Letter*4, and Plain Language Summaries*5 of clinical trial results. In addition, we will collaborate to actively disseminate information at external seminars, academic conferences, and industry associations and help create an environment where patients can actively communicate and provide their opinions to the pharmaceutical industry and other stakeholders, thereby contributing to better medical care.

*3 A committee composed of clinical research coordinators reviews patient materials, such as consent documents, to ensure they are patient-friendly and address questions we understand patients have.
*4 Providing letters to clinical trial participants thanking them for their participation and providing information on a website where they can see the results of the clinical trial they participated in.
*5 Documents and websites designed to provide information on clinical trial information and results to the participants, their families, and the general public using easy-to-understand language.

PFDD Framework



VOICE

Development Function, Development Strategy & Planning Group
Ryoichi Tanaka

Although we have just gotten started, we will continue to build on our PFDD initiatives. All of reviews from clinical research coordinators and patients participating in the PFDD framework were precise, and we have received a lot of insights. However, there are many areas for improvement, such as the fact that we have only been able to conduct a very limited number of trials and there are few examples of reviews of newly created clinical trial-related materials. Going forward, we will make this PFDD approach a global standard through collaborations in Japan as well as overseas.

Creating shared value with business partners

Sustainable procurement initiatives

We conduct a sustainable procurement survey of major business partners in Japan and overseas once every three years, and engage in interactive communication with selected business partners based on the results of the survey. In addition, we apply the knowledge gained from dialogue with our business partners into planning external awareness-raising activities for proactive sustainability throughout the supply chain.

Going forward, we will regularly conduct external awareness-raising activities to further promote the sustainability activities of our business partners, and will aim to create a sustainable society by further enhancing each other's sustainability activities.

▶ For more information about the sustainable procurement survey, please refer to P73

Business partner management

When a risk is detected during continuous monitoring of our business partners, depending on the severity of the risk, we will conduct interviews with our business partners. Through these interactions, we encourage our business partners to improve and mitigate ESG risks, including those related to corruption, data protection, human rights, and the environment. In addition, we expect our business partners to have a deep understanding of sustainability, including our Business Partner Code of Conduct (BPCC).

Looking ahead, we will establish more optimal business partner selection criteria, methods, and processes, and plan to strengthen collaboration with our business partners.

▶ For more information on the Business Partner Code of Conduct, please refer to P73

Creating shared value for the environment

Medicine packet recycling program

In October 2022, Daiichi Sankyo Healthcare and TerraCycle Japan, in cooperation with Yokohama City, launched the pilot program of Medicine Packet Recycling Program, Japan's first*6 consumer participation program to collect and recycle medicine blister packs (PTP sheets*7).

In this program, participants drop off their empty medicine blister packs in boxes located at collection points. The collected blister packs are separated into plastic and aluminum, each of which is recycled into a new resource.

Because blister packs are the most efficient and safest way to deliver many medicines to patients, they are likely to remain the best standard packaging for many pharmaceuticals. In addition, usage is expected to grow as the population ages. We are proud that our program aims to raise awareness among consumers that medicine packs are a recyclable resource, and to establish a system for recycling them.

In April 2023, about halfway through the pilot program, we had already substantially exceeded our initial collection volume target, so we raised our new target to 500,000 packs, or five times the initial target, and doubled the number of collection sites to 60 locations, and will continue to advance our initiatives.

*6 Consumer participation recycling program (as of October 20, 2022, according to Terracycle Japan).
*7 The Press Through Package (PTP) sheet is a method of packaging drugs, in which a tablet or capsule is placed between plastic and aluminum.

▶ For more information about environmental initiatives, please refer to P69

Creating shared value with employees

Global Culture Initiative

To realize our 2030 Vision of becoming an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society," we need to become a truly global organization.

Our Global Culture Initiative (GCI) aims to foster the One DS Culture across corporate culture that is essential for thinking, acting, creating energy and engagement, and operating globally and contributing more broadly to patients and society at large.

At the center of our One DS Culture are our three Core Behaviors.

Through these efforts, we will build relationships with each other that enable employees across the Group globally to cooperate with each other based on trust. Trust will allow us to share not only successes but also failures without hesitation, thereby enhancing employee growth and engagement. This culture will be a competitive advantage in our efforts to creating innovative pharmaceuticals the benefit of people around the world. Although there are challenges such as language and time zone differences, we will encourage the mutual continuous growth of both our employees and our Group through creating shared value with employees in order to truly embed this culture into the organization.

Core Behavior

Be Inclusive & Embrace Diversity

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

Collaborate & Trust

We treat each other with respect and build trust through transparency and willingness to listen, which enables us to collaborate simply and productively

Develop & Grow

We learn, experiment, and take initiative, which enables us to grow together every day and strengthen Daiichi Sankyo's capability

Examples of activities

◉ Support of GCI activities by Culture Ambassadors

Culture Ambassadors are selected by the Global Leaders who are responsible for fostering the One DS Culture in their respective organization and promote the GCI activities as a team.

Culture Ambassadors implements activities that are highly convincing through measures arranged according to the employees' opinions and situations. In addition, by sharing issues, initiatives, and success stories of each organization, we are fostering a more effective and efficient One DS Culture globally.

To overcome challenges such as differences in understanding and execution of GCI among Culture Ambassadors, we will continue to foster the One DS Culture in FY2023 with a strong cooperation among Global Leaders, Culture Ambassadors, and the GCI Office.

◉ Establishment of the Core Behavior Awards

In FY2022, we held the first Core Behavior Awards event globally. We nominated, selected, and awarded employees who embody Core Behaviors well, and three people were awarded for the year.

This initiative is aimed at encouraging employees to practice Core Behavior by not only boosting the motivation of award winners but also by disseminating model examples of Core Behavior practices to further foster the One DS Culture.

As we learned that there are differences in the penetration and implementation of Core Behavior among regions, we will work to boost our employees to naturally practice Core Behavior.

Risk Management

The Daiichi Sankyo Group defines "risks" as those factors that may prevent it from achieving its goals and targets and that can be predicted in advance. We take appropriate measures against risks inherent in our corporate activities through retaining, reducing, avoiding, and transferring these risks; should risks materialize, we promote risk management to minimize impacts on people, society, and the Group itself.

Promoting Risk Management

We have established a risk management system that provides for appropriate responses to risks inherent in our corporate activities. The Head of Global Compliance and Risk oversees risk management across the entire Group as the Risk Management Officer (RMO), and promotes risk management in line with the annual cycle of business planning and execution.

In addition, the heads of each unit autonomously manage risks to aid the achievement of their unit's goals and targets. To this end, they identify risks, carry out assessments to evaluate the likelihoods and potential impacts of these risks; formulate and implement countermeasures, and provide information, training, and education related to their unit's risk management.

The RMO assesses the risks reported by each unit and identifies those that could potentially have a major impact on the Group's corporate management as material risks at the Executive Management Committee (EMC) Meeting and the Board of Directors (see the conceptual diagram below on the Group's risk level classification). In addition, responsible persons are appointed for each Material Risk and they implement risk countermeasures in cooperation with relevant organizations. Should signs of a Material Risk be detected, responsible person is instructed to swiftly provide relevant information to the RMO, who will then report to the CEO. In addition, the progress of Material Risk countermeasures is periodically monitored twice a year, and are revised as necessary. If new material risks requiring urgent action are identified, they will be added to the list of Material Risks by the EMC and the Board of Directors under the supervision of the RMO.

Conceptual Diagram of the Group's Risk Level Classification

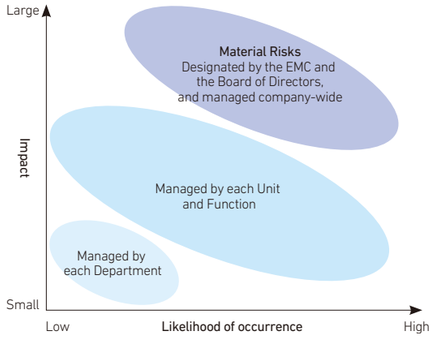
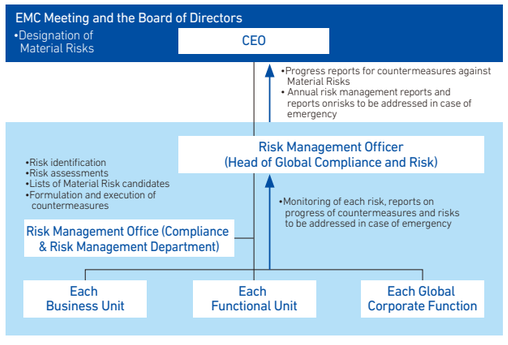


Diagram of Risk Management System



Overview of Risk and Crisis Management

Risk Management Under Normal Circumstances	Materialized Risks and Emergency Events
Risk Management	**Crisis Management**
Definition of "Risk": **Factors that prevent the achievement of business goals** Proper response to assess and analyze risks and then contain the risks within acceptable limits	Definition of "Crisis": **When risks have materialized and require emergency responses, or when risks have an extremely high likelihood of materializing** Preparations to minimize impact and damage in the event of a crisis, and comprehensive response from occurrence to resolution

Business Continuity Plan (BCP)

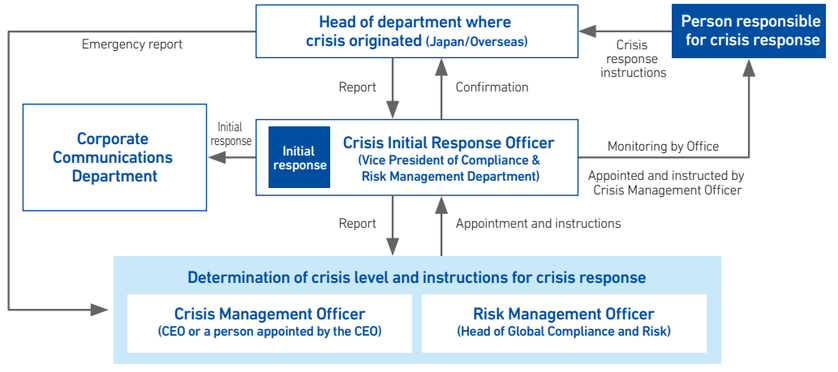
Definition of BCP: **Plans to ensure that, in the event of unforeseen circumstances, critical business operations are either not disrupted or, if they are disrupted, are swiftly restored**

Examine the management resources required to continue critical business operations, establish recovery procedures, and ensure that plans are maintained and improved

Crisis Management

The Daiichi Sankyo Group Crisis Management Policy defines crisis as a collective term both for business risks that have materialized and that require immediate response, and for business risks that have an extremely high likelihood of materializing. For the purpose of minimizing loss due to the occurrence of a crisis, the policy stipulates basic items related to crisis management: "Upon the occurrence of a crisis, the Daiichi Sankyo Group shall respond immediately and precisely based on the following principles: ensuring the safety of the lives and communities of Daiichi Sankyo Group employees and related personnel; and fulfilling the responsibilities as a life science company. The Group shall endeavor to minimize human, social, or corporate losses and strive for business continuity and quick recovery." The Group also has a structure to respond flexibly to crisis depending on the type (disaster/accident, incident including terrorism, scandal, breach of laws, information management-related problem, product-related problem) or the degree of impact of the crisis (see the "Initial Response to Crisis" diagram below). We have clearly specified the reporting criteria and channels and established the Crisis Management Officer (either the CEO or a person appointed by the CEO), and the Crisis Initial Response Officer (the Vice President of Compliance & Risk Management Department). For a crisis with a significant global impact requiring company-wide response, we strive to prevent the situation from escalating and to resolve it by sharing the relevant information with the RMO (Head of Global Compliance and Risk) and through quick and appropriate initial response. After the crisis has been resolved, we conduct ex-post analysis to prevent its recurrence and improve our measures.

Initial Response to Crisis



Business Continuity Plan (BCP)

We have established a business continuity plan (BCP) with an all-hazards approach to address various threats to business continuity, and have built a system to ensure the stable supply and quality of drugs as well as the continuity of research and development in order to meet the demands of society even in times of emergency. To respond to the increasing diversity of crises and the globalization of business, we are continuously improving our BCP so that we can respond appropriately when new threats materialize, including by conducting BCP drills.

Supply for raw material procurement, product manufacturing and logistics are becoming increasingly complex. Under these circumstances, we have implemented countermeasures from four perspectives: taking preventative measures, ensuring redundancy, securing supportive measures, and maintaining alternative measures for management resources required to maintain a stable supply of drugs, including facilities, inventories, personnel, and information systems.

In addition, we regularly review our priority supply drugs to ensure that we can promptly supply products that carry significant social responsibility for us as a pharmaceutical company, as well as products that are important for the continuity of our business.

Major Risks and their Management

The table below lists the Major Risks identified by the Group's Material Risks and management risks at each unit and department management level. In identifying these risks, we have taken into consideration the potential impact they may have on investment decisions

Area	Material Risk	Risk Summary	Status of Risk Management
Research and Development / Alliances with Partner Companies	✓	For new drug candidates, risks include: the suspension of research and development—in particular for trastuzumab deruxtecan (T-DXd / *DS-8201*: anti-HER2 ADC; product name: *Enhertu*®) and datopotamab deruxtecan (*Dato-DXd* / *DS-1062*: anti-TROP2 ADC), on which we are collaborating with AstraZeneca; changes to approval review criteria resulting in failure to obtain approval; and changes to the terms and conditions of our R&D alliances, or their termination	• Establish a Joint Executive Committee with AstraZeneca, create a unified vision between the two companies for each area of collaboration, and use this vision to formulate and manage the progress of strategies • Ensure constant communication with pharmaceutical regulatory authorities in each country, as a means of managing and reducing risks
Pharmaceutical Side Effects and Quality Issues	✓	Pharmaceutical products may be recalled or withdrawn from the market due to quality issues or unforeseen side effects; significant expenses may be incurred due to resulting allegations of injury and other matters of liability	• Perform objective assessments, reviews, and analysis of safety management information (e.g., information on side effects) globally collected; and share this information with health care professionals in an appropriate manner • Provide all employees with training in safety management information every year
Overseas Business Expansion	✓	Operations overseas may be impacted by a number of factors, including: political instability; deterioration of economic circumstances; contraventions of local laws and regulations; and worsening labor management relations	• Appoint risk management officers at group companies outside of Japan, and collect and share information on a regular basis • When a problem occurs, the risk management officer serves as a hub for coordinating with local Group companies, aiding prompt problem resolution
Manufacturing and Procurement	✓	Risks affecting manufacturing and procurement activities may include damage to Group-owned facilities, impairment of social infrastructure, and technical issues	• Establish systems to rapidly restore operations in the event of an emergency and to ensure stable supplies of pharmaceuticals with assured quality for the continued provision of medical services • Continuously improve BCP by reviewing operations and organizational structure related to priority supply items, etc. • Periodically review list of priority supply items • Ensure distribution of manufacturing and logistics bases, and install private electricity generators • Strengthen IT foundations, such as by ensuring redundancy in core systems
Environment and Safety		Risks include exposure to chemical substances for people both internal and external; adverse impacts on the environment through soil and air pollution; fragmentation of supply chains for pharmaceuticals due to extreme weather disasters, global warming, and other phenomena related to climate change; and rising manufacturing costs negatively affecting the stable supply of pharmaceuticals	• Establish and ensure continuous monitoring of independent management standards that are more rigorous than those set by local authorities • Disclose information according to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Intellectual Property Rights	✓	Third party claims of patent infringement or other intellectual property claims against the Group, which could interrupt the Group's business or result in legal action; the Group itself may initiate legal action if a third party is found to have infringed Group-owned intellectual property rights	• Maximize value and minimize risks for the creation and protection of intellectual property • Establish systems to minimize the impact of intellectual property disputes on business by working together with internal and external parties
Litigation	✓	Lawsuits may arise over pharmaceutical side effects, product liability, employment/labor issues, and fair trade-related litigations, among others	• Minimize legal risks and maximize business opportunities under applicable laws and regulations, contracts, and dispute prevention and resolution
Laws and Regulations and Regulatory Trends to Limit Healthcare Expenses	✓	Negative impact may arise from administrative measures related to drug price revisions, the healthcare system, and health insurance	• Revise wholesale prices and rebates in light of NHI drug price system reforms and distribution improvement guidelines • Monitor drug price policies in each country • Draw up and implement appropriate sales contracts
Legal Risk	✓	There is always legal risk the Group is cognizant of, including the serious risk associated with illegal conduct by executives and employees.	• Monitor business operations to detect any inappropriate activities as early as possible • Prevent violations through strict compliance with laws and regulations and through educational and awareness-raising activities • Establish measures to prevent compliance violations and take strict action when violations occur
Financial Market and Exchange Rate Fluctuations	✓	Negative effects may result from stock market behavior, interest rate trends, or exchange rate fluctuations	• Reduce cross holdings • Implement mid-term reviews of pension fund asset allocations • Execute currency hedging transactions
IT Security and Information Management	✓	Network virus infection, cyber-attacks, and other similar events may result in a system shutdown or leakage of confidential information including personal data	• Establish global organizational system in the information field with CDXO* as the general manager • Provide employees with continuous information management training • Establish security systems with defense functions and infringement detection and countermeasure function • Strengthen information security infrastructure and improve its operation
Recoverability of Deferred Tax Assets	✓	Negative impact may result from reductions in taxable income, deductible temporary differences due to tax reforms, and reassessment of tax loss carryforwards	• Review future taxable income as appropriate in light of changes to business environment
Securing Talent		Increasingly competitive job markets may result in an inability to secure either sufficient talent in IT-related fields or employees with the high levels of expertise required for various roles	• Secure talent by strengthening systematic recruitment activities and incorporating diverse approaches • Develop and secure talent through internal training programs • Promote both One DS Culture and Inclusion & Diversity (I&D), and analyze and improve employee engagement through global engagement surveys

* Chief Digital Transformation Officer

Information Security

◉ Improvement and Strengthening of Information Security Management System

To ensure a stable supply of products and provide reliable information to customers, we have established a global information security policy and information security measures on a global scale under the leadership of the Head of Global Information Security. In addition, the CDXO, the chief officer and director of the digital domain together with information management functions, supervises digital transformation for the entire organization, and oversees the conduct of its operations.

The information and system assets referred to in this policy include data, media, information systems, industrial systems and paper-based systems containing information on our business partners, customers and business units. As for information management centered on document management, Daiichi Sankyo works to ensure thorough information management by ensuring safety and reliability, standardizing, and continuously assessing all Group companies in Japan to ensure appropriate controls are in place. As for information security, we established the Daiichi Sankyo Group Information Security Standard with the aim of raising the level of implementation of global security measures in FY2022. In addition, starting in FY2023, such functions have been transferred to Global DX, and information security for the entire Group will be further strengthened jointly with digital functions. In order to protect information resources from security threats, it is paramount to continuously raise the awareness of all employees. To educate employees about cyber-attacks and targeted e-mails, etc., an information security awareness campaign is executed on an ongoing basis at each of the Group Companies.

◉ Measures for Cyber Security

The CSIRT, the framework for dealing with computer security incidents in enterprises, is managed under the leadership of the Head of Global Information Security in order to respond to the increasing number of cyber-attacks in recent years. With the cooperation of external security partners, the security monitoring system is operating 365/24/7, and a system is in place to respond swiftly to incidents that have occurred.

It is important to collaborate with other organizations in the same industry as well as other industries to manage the threat of cyber-attacks. In collaboration with external security teams such as external specialist organizations and other companies' CSIRT, we collect information related to cyber security and proposes and promotes security measures for the Group. Moreover, we aim to contribute to improving security not only within the Group, but also for the entire society by building cooperative relations with external organizations. Accordingly, we are continuously engaging in activities centered on CSIRT.

◉ Personal Information Security Initiatives

Personal information is essential to a company's business activities, but by its very nature, may cause irreparable harm to individuals if mishandled. Based on the Daiichi Sankyo Group Privacy Policy, a global standard for protecting personal information, we have established internal rules that comply with the laws and regulations of each country and region to ensure the safe management of personal information. We also regularly conduct training sessions to ensure that all employees are thoroughly trained to handle personal information in the most appropriate manner. In FY2022, briefing sessions on the revision of internal rules in response to the revised Personal Data Protection Act were held in Japan, as well as e-learning for all directors and employees. Also, we conducted monitoring to ensure that the revised rules were thoroughly implemented.

In addition, with regard to handling Individual Numbers in Japan, nicknamed "My Number" information, we regularly evaluate the security management status of "My Number" information at our vendors and conduct on-site audits. Furthermore, we take appropriate measures such as providing e-learning programs in Japan to ensure that we understand our basic policies and management system.

Moreover, regulations regarding personal information are being tightened around the world, as evidenced by Europe's General Data Protection Regulation (GDPR). We are working to address the personal information protection laws and regulations that will be enforced in the relevant countries and regions.

Going forward, we will continue to work on reducing risks and identifying issues at an early stage to prevent material non-compliance regarding the Act on the Protection of Personal Information.

Strengthening Management Systems for Safety and Quality Assurance

To ensure that we deliver safe and quality products that patients can use with confidence, we have established and strengthened a management system that complies with GMP (Good Manufacturing Practice: standards for the manufacturing and quality control of drugs) and GDP (Good Distribution Practice: standards for ensuring quality in the transportation and storage of drugs), and are working to consistently guarantee quality across the entire process from raw material procurement and storage to drug manufacturing and distribution. We also conduct regular audits of group company offices and business partners to maintain and improve appropriate quality management systems and reduce risks.

With regard to safety, we promote the proper use of drugs by collecting safety management information (information on side effects, etc.) globally, and providing information in the medical setting after objectively evaluating, reviewing, and analyzing the information. Furthermore, we strive to minimize patient safety risks by conducting annual training on safety management information for all employees to ensure thorough safety management.

Execute optimal resource allocation for sustainable value creation

Executive Officer
Head of Global Corporate Planning and Management, CFO

Koji Ogawa

I was appointed CFO in April 2023. Since joining the company, I have been involved in the Group's overseas development and business expansion through a wide variety of positions in the Human Resources Department, the US assignment, and the Asia, South and Central America businesses. As we continue to advocate and pursue our Purpose of "contributing to the enrichment of quality of life around the world," we are increasingly feeling the rising expectations from society for our innovations, including our oncology products. Under these circumstances, we must further clarify roles and promote functional collaboration in our operations in order to compete in the dynamic and highly competitive global marketplace, and reform our internal systems to enable swift and precise decision-making and optimal resource allocation at a global level. Accordingly, I would like to demonstrate leadership toward achieving our 2030 Vision of becoming an "innovative global healthcare company contributing to the sustainable development of society."

Progress and update on the current 5-year business plan (FY2021-FY2025)

The Daiichi Sankyo Group is working on its current 5-year business plan (FY2021-FY2025) aimed at achieving its FY2025 target of becoming an innovative global healthcare company with a competitive advantage in oncology and shift to further growth to achieve our 2030 Vision. Specifically, by implementing the four strategic pillars and strengthening the foundation that supports these strategies, we aim to achieve our KPI targets of ¥1.6 trillion in revenue (¥600 billion or more from oncology business), a core operating profit ratio before R&D expenses*1 of 40%, ROE of 16% or more, and DOE (dividend on equity ratio)*2 of 8% or more in FY2025, which is the final fiscal year of the plan.

*1 Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income
*2 DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

◉ Progress of the current 5-year business plan

Looking back over the two years since FY2021, I believe we have made good progress on the four strategies of the current 5-year business plan.

With regard to the first strategic pillar, "Maximize 3ADCs," which is the highest priority strategy of this current 5-year business plan, we made substantial progress in maximizing the product value of *Enhertu*®. The DESTINY-Breast03 (DB-03) and DESTINY-Breast04 (DB-04) trials showed significantly better data than what we assumed in the current 5-year business plan, which led to the addition of new indications for HER2 positive breast cancer second line treatment and HER2 low breast cancer, post chemotherapy, as well an indication for NSCLC (non-small cell lung cancer), the third cancer type indication following breast cancer and gastric cancer. The results of the DB-03 and DB-04 trials have been well received by medical professionals, and *Enhertu* revenue is growing faster than originally planned.

Current 5-year business plan targets and strategic pillars

It is now available in 35 countries and regions, and revenue in FY2022 has grown to ¥258.4 billion. In addition, the DESTINY-Breast09 (DB-09) trial for the first-line treatment of HER2-positive breast cancer and other trials for expanding indications is advancing more quickly than initially planned.

The development of the products following *Enhertu*, *Dato-DXd* (TROP2-directed ADC) and *HER3-DXd* (HER3-directed ADC) is also progressing faster than originally planned.

Regarding the second strategic pillar, "profit growth for current business and products," market penetration further progressed for anticoagulant *Lixiana*, which saw product value improve with the addition of new dosage and administration, and its revenue grew to ¥244.0 billion in FY2022. In addition, steady growth in revenue from pain treatment *Tarlige* in Japan and treatment for iron deficiency anemia *Injectafer*® and *Venofer*® in the US is contributing to strengthen the source of investments for sustainable growth shareholder returns. Moreover, in terms of transforming to a profit structure focused on patented drugs, we launched new drugs such as prophylaxis of migraine attacks *Emgality*® and anti-cancer agent *Ezharmia*® while making progress in product transfers following the loss of exclusivity in various countries and regions, such as for hypertension treatment *Benicar*® in the US and antiplatelet agent *Efient*® in Europe, thereby strengthening our profitability.

As for the third pillar of our strategy, "identify and build pillars for further growth," we are making progress in developing potential growth drivers following the 3ADCs. In the Phase 1 trials of *DS-7300* (B7-H3-directed ADC) and *DS-6000* (CDH6-directed ADC), which use the same DXd-ADC technology as the 3ADCs, we gained interim analysis data suggesting early efficacy signals in a variety of cancer types. With the growing potential of both products, as described later, we have changed our R&D strategy from "3 and Alpha" to "5DXd-ADCs and Next Wave" from April 2023 onward.

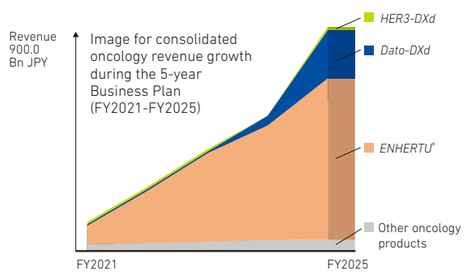
Furthermore, we are making steady progress in selecting post-DXd-ADC modalities, including clinical trial initiation for *DS-9606*, a second-generation ADC.

As an important initiative under the fourth strategic pillar, "create shared value with stakeholders," we have developed the first Japan-produced COVID-19 mRNA vaccine (*DS-5670*). In August 2023, our origin strain monovalent mRNA vaccine against COVID-19, *Daichirona*® for Intramuscular Injection, received approval in Japan for prevention of infectious disease caused by SARS-CoV-2 (booster vaccination). We are currently developing the XBB.1-containing monovalent vaccine recommended for use in Japan's fall/winter 2023 vaccination program, and aim to supply the XBB.1.5-containing monovalent vaccine before the end of 2023 at the earliest.

For details on the progress of the current 5-year business plan, please refer to the FY2022 financial results presentation materials.

https://www.daiichisankyo.com/files/investors/library/quarterly_result/2022/FY2022_Q4_Financial_Results_Presentation_E4.pdf

Expectation on revenue from oncology business



◉ Expectation on FY2025 KPI achievement (as of April 2023)

In FY2025, we expect revenue of ¥2 trillion, which exceeds the target of ¥1.6 trillion by ¥400 billion more. The main reason for the increase is revenue from oncology business, which we expect will exceed our target by approximately ¥300 billion to ¥900 billion or more, mainly driven by higher-than-expected revenue growth for *Enhertu*.

For *Enhertu*, we expect revenue to grow substantially, driven by higher revenue in the breast cancer market based on the results of the DB-03 and DB-04 trials, an increase in product sales and development milestones from accelerated trials to expand indications, including the DB-09 trial, as well as an increase in sales milestones from higher-than-initially-planned product sales.

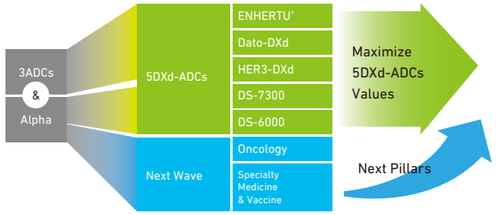
We will continue to aim for core operating profit ratio before R&D expenses target of 40%, although we expect the cost of sales and SG&A expenses to rise in line with revenue increase which is higher than initially planned. For SG&A expenses, we expect an increase in profit-share based on a strategic alliance with AstraZeneca*3 driven by growth in *Enhertu* and *Dato-DXd* product sales, as well as higher expenses from obtaining indications that we had not initially expected to be approved during the current 5-year business plan period. However, we plan to achieve our target by efficiently and effectively managing our expenses and other costs.

*3 Profit share based on strategic alliance with AstraZeneca: 50% of gross profit in countries/regions (excluding Japan) where we record revenue is paid from the Company to AstraZeneca

◉ Update on 3ADCs launch plan and R&D strategy

Given that the development of the 3ADCs is progressing ahead of plan, we updated our launch plan for the 3ADCs in April 2023, including indications approval that we did not initially expect to achieve during the current 5-year business plan period. In addition, with the growing potential of *DS-7300* and *DS-6000*, which are the potential growth drivers following the 3ADCs, we shifted

R&D Strategy 5DXd-ADCs and Next Wave



our R&D strategy from the previous "3 and Alpha" to "5DXd-ADCs and Next Wave" from April 2023 onward. We intend to actively make R&D investments in promising products in our pipeline other than the 3ADCs in order to achieve sustainable growth.

Although we expect R&D expenses to exceed our initial plan owing to the increased costs for related trials, all of them are important trials that are crucial for maximizing 3ADCs, and we will actively make R&D investments with the aim of obtaining approval and launching promotions as soon as possible.

Management focusing on cash allocation and shareholder's equity cost during the current 5-year business plan period

During the current 5-year business plan period, we plan to allocate cash for investment for growth and shareholder returns in a balanced manner.

Specifically, we will allocate a certain amount of cash to investment for growth (R&D expenses and capital expenditures) and shareholder returns, and then flexibly allocate the remaining cash to investments aimed at building pillars for further growth and shareholder returns in a balanced manner, based on the progress of our pipeline.

We expect the source of cash allocation during the current 5-year business plan period, which is the cash in hand at the beginning of the current 5-year business plan period plus the 5-year operating cash flow before R&D expenses, to come to ¥3.1 trillion, approximately ¥300 billion more than initially planned, thanks to steady sales growth of *Enhertu* and existing products.

Of this amount, we plan to allocate approximately ¥1.8 trillion to R&D expenses (an increase of ¥300 billion from the initial plan), prioritizing the development of DXd-ADCs based on the 3ADCs launch plan and R&D strategy updated in April 2023, while allocating approximately ¥600 billion to capital expenditures (an increase of ¥100 billion from the initial plan), mainly for strengthening our ADC supply capabilities to ensure supply for FY2026 and beyond.

◉ Shareholder return policy

With respect to shareholder returns, we aim to maximize shareholder value by adopting DOE, which is calculated based on shareholders' equity, as a KPI, and by providing stable shareholder returns with a target DOE of 8% or more in FY2025, which is higher than the cost of shareholders' equity. As we shift from an investment phase to a profit growth phase in the current 5-year business plan, we believe it is essential to consider dividends and acquisition of own shares by looking at both shareholder return and capital efficiency, while taking into account the shareholder's equity cost. Accordingly, we adopted DOE, an indicator that combines ROE and dividend payout ratio, as a KPI for shareholder return.

We aim to improve capital efficiency by growing the 3ADCs to expand revenues and flexibly executing acquisition of own shares, and continue to target a FY2025 ROE of 16% or more, which is above the shareholder's equity cost. To ensure financial security, we plan to maintain our equity ratio at approximately 60% during the current 5-year business plan period.

In addition, we plan to further enhance shareholder returns by increasing dividends and flexibly executing acquisition of own shares in line with profit growth.

As for dividends for FY2023, since we are more confident about achieving our KPI targets for FY2025 thanks to higher sales of *Enhertu*, the most important product in our current 5-year business plan, we will continue to increase dividends as we did in FY2022, with plans to raise the annual dividend per share by ¥4 YoY to ¥34 per share in FY2023.

◉ Maximizing shareholder value

We aim for management that contributes to increasing Total Shareholders Return, which is the sum of dividends and capital gains from share price increases divided by the stock investment amount.

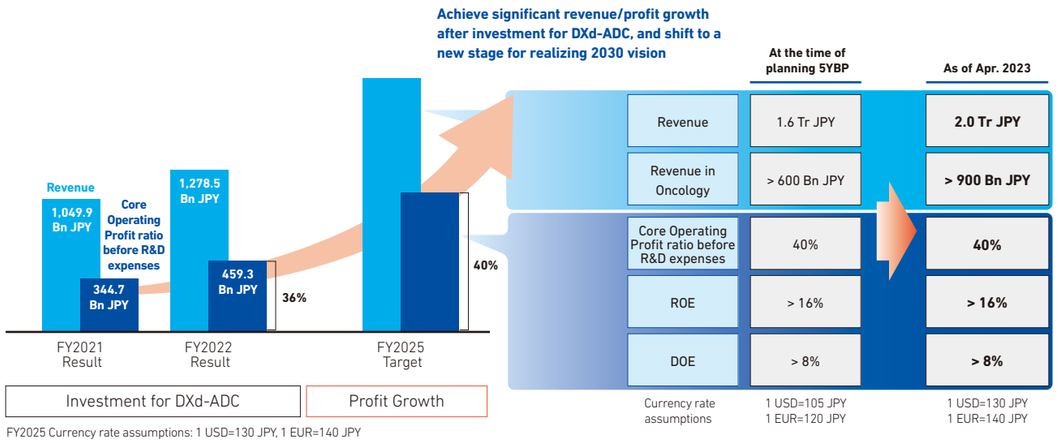
Specifically, in addition to ensuring DOE that exceeds the shareholder's equity cost through profit growth and dividends in line with profit growth, we plan to continue investment for sustainable growth with the aim of increasing the value of our product portfolio and pipeline, which we believe will in turn enhance the market value of the Company.

In closing

As of June 30, 2023, our market capitalization is over ¥8 trillion with a P/B ratio of approximately 5 times, and we believe that progress in our oncology business and the value of our pipeline of innovative pharmaceuticals are highly evaluated by investors in the stock market. Going forward, we will continue to work toward maximizing corporate value by engaging in active dialogue with our shareholders, investors, and other stakeholders.

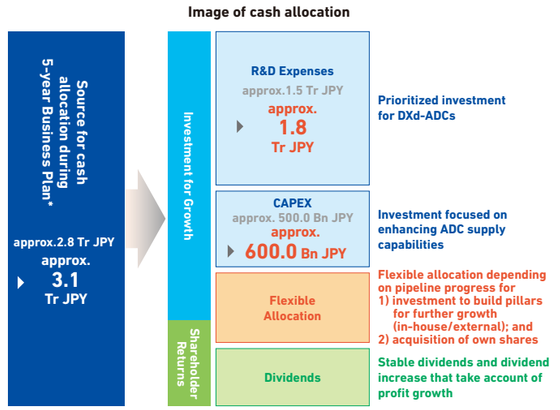
▶ For more information on FY2022 Results and FY2023 Forecast, please refer to P89

Expectation on achieving FY2025 KPIs (As of Apr. 2023)



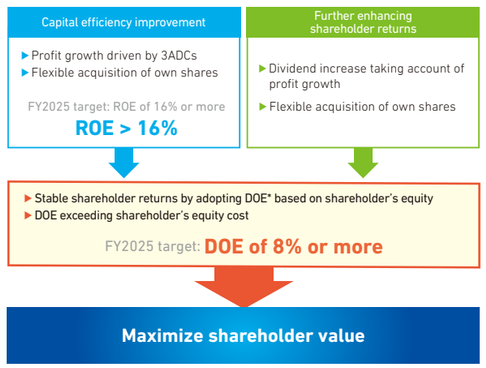
FY2025 Currency rate assumptions: 1 USD=130 JPY, 1 EUR=140 JPY

Well-balanced investment for growth and shareholder returns



* FY2020 cash in hands (excluding working capital) approx.400.0 Bn JPY+Operating Cash Flow before R&D expenses during 5-year

Shareholder return policy during the current 5-year business plan period



Round-table Discussion with Outside Directors

Fulfill a highly effective supervisory role to realize the Daiichi Sankyo Group's Purpose and support its growth toward globalization.

We asked our Outside Directors for their opinions about how the Board's oversight functions could help achieve sustainable growth and realize our Purpose.

Outside Director (Independent Director)
Yasuhiro Komatsu

Possesses a wealth of experience and an expansive breadth of expertise in healthcare in general, as well as clinical governance, public health, drug safety, risk management, human resources management and development. These capacities have been developed through a career as a medical scientist, with titles of PhD, MD, and MPH. Appointed as an Outside Director of the Company in June 2022 and appointed as a member of the Nomination Committee and the Compensation Committee in June 2022.

Outside Director (Independent Director)
Kazuaki Kama

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as finance and accounting, based on his experience as a business executive at a comprehensive heavy industry manufacturer. Appointed as an Outside Director of the Company in June 2019. Appointed as the chairperson of the Compensation Committee from June 2019. Appointed as the chairperson of the Nomination Committee in June 2022. Appointed as the chairperson of the Board of Directors in June 2023.

Outside Director (Independent Director)
Sawako Nohara

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as IT, business strategy, and marketing, based on her experience as the founder and the manager of a digital business company. Appointed as an Outside Director of the Company in June 2019. Appointed the chairperson of the Compensation Committee in June 2022.

Outside Director (Independent Director)
Takaaki Nishii

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as international business and human capital strategy, based on his experience as a business executive of a food and amino acid material manufacturer. Appointed as an Outside Director of the Company and the chairperson of the Nomination Committee in June 2023.

The Board of Directors has been renewed. Looking back over the past year, what were the challenges to improve the effectiveness of the Board of Directors and your aspirations?

Kama

I was newly appointed as the Chairperson of the Board in June 2023. Both the effectiveness evaluation conducted by Directors and Audit & Supervisory Board Members in FY2022 and the third-party evaluation conducted in FY2021 showed that the Board has been functioning effectively, with discussions in a free and open-minded manner. I believe the reasons for this evaluation stem from the fact that the execution and supervision of the Management are clearly separated due to the appointment an Outside Director as the Chairperson of the Board, and that detailed discussions were done with the executive side regarding the selection of agenda items and other operational aspects of the Board of Directors under the leadership of the former Chairperson of the Board. I would like to build on the positive features of the past and continue maintaining close communication with the execution team within the operations of the Board of Directors. The role of the Board of Directors, which is to enrich discussions aimed at sustainable growth and steadily fulfilling a supervisory role to realize the Daiichi Sankyo Group's Purpose, will remain unchanged. I would like to continue facilitating communication among members of the Board of Directors, as well as exclusively among Outside Directors and Outside Audit & Supervisory Board Members, while also raising the weight of resolutions and deliberations in the discussions at the Board meetings. With new members joining us, I would also like to elicit vibrant opinions from not only Outside Directors but also Inside Directors to encourage active discussions overall.

"As the chairperson, I will commit to carrying out quality discussions from a long-term perspective, keeping in mind the perspective that the corporate value is for all stakeholders."

—— Outside Director Kama

How have you used your experience and expertise to help the Board of Directors fulfill its functions and enhance corporate governance?

Nohara

I strongly support the Company's innovative management strategy centered on developing new medicines and its attitude of continuously taking on challenges, and have spoken up on R&D strategy, DX strategy, globalization, corporate branding, etc. In addition, leveraging my experience as the Outside Director of eight listed companies, and considering the importance of the environment surrounding corporate governance, I&D, ESG management, etc., which changes year by year, I believe that to speak up my opinions in light of the above has helped the Board of Directors fulfill its functions and enhance corporate governance.

Komatsu

To "address diverse medical needs," as stated in the Daiichi Sankyo Group's Mission, it is important not only to develop the medicines that are required, but also to plan how we deliver these medicines to people and ensure they can easily find the information they need. I made an effort to discuss this point from the perspective of medicine and public health using my expertise and research.

Mr. Nishii, as a new Outside Director appointed in July of this year, what are your aspirations?

Nishii

I feel a sense of tension and great responsibility in being appointed as the Outside Director of Daiichi Sankyo, a pharmaceutical company that is growing globally. I believe that I can contribute to enhancing the effectiveness of the Board of Directors by using my experience as a business executive at a food and amino acid material manufacturer to enhance the value creation process with stakeholders, to promote ESG Management, to enhance corporate brand value, and to promote globalization.

What are your thoughts on the challenges to the Group's sustainable growth?

Kama

With the rapid expansion of *Enhertu*®, we need to further promote globalization as we expand our market around the world and quickly grow our revenues. In particular, we need to closely monitor the progress and issues related to our efforts in the globalization of corporate functions and the establishment of the CxO structure, which we began in FY2023. As an Outside Director, I feel that I still have a relatively minimal understanding of what Daiichi Sankyo's globalization means compared to the Inside Directors. As the Chairperson, I would like to talk deeply with the executive side and promote discussions on what kind of "innovative global healthcare company" Daiichi Sankyo is aiming to become, and I would like to promote discussion on the status of globalizing operations and execution.

Komatsu

Daiichi Sankyo's Core Value include creating new systems and inventions that make a great difference in society and people's lives. Today, the gap between the healthcare that can be provided and the actual healthcare that is delivered is widening, since both patients and medical professionals have difficulty in accessing and utilizing the best available knowledge. I believe that HaaS has the potential to bridge this gap and make transformative changes in our society and people's lives. HaaS cannot be built by Daiichi Sankyo alone, but I believe that we can be a pioneer in this field by offering a model system and working collaboratively with relevant stakeholders for its implementation. Digital transformation is advancing more rapidly than we can imagine at the global level, and I think it is crucial for us to keep up with this trend and take a leadership role in Japan.

Nohara

In the 2025 DX Vision, we set out on "Becoming a Global Pharma Innovator Utilizing Data and Advanced Digital Technology". We are working to build a global communication platform and core business systems, and also building and maintaining infrastructure for our human resource programs. As DX is essential and strongly promoted for the Company's globalization efforts as well as its push to bolster drug discovery, I would like to make

sure that we provide our full support.

Looking toward 2030, we have already begun to build a Total Care Ecosystem and the data infrastructure that will serve as the center of that ecosystem, in order to create a seamless HaaS tailored to each individual. As we will be collaborating with various organizations to create a variety of services and solutions useful for health and medical care, and I expect that we will significantly promote working forward as we invest in the necessary skills and human resources and collaborate with startups and venture companies with excellent ideas.

Nishii

From the perspective of geopolitical risk and supply chain management, I believe it is critically important that Daiichi Sankyo's main intellectual properties today come from its Tokyo-based research center. On the other hand, globalizing the head office, especially the corporate functions, requires interaction among people with diverse experiences and perspectives. It is also important to create a situation that attract (not only every employees but also) people from overseas and make them desire to work at Daiichi Sankyo's head office and research centers in Japan, which we believe will help drive the globalization that Daiichi Sankyo should strive for.

Regarding the Nomination Committee and the Compensation Committee, what have you done in the last year and what challenges do you see going forward?

Nohara

The Compensation Committee met 11 times during the last fiscal year to monitor and discuss the operation of the executive compensation system newly introduced in FY2021. In addition, at a joint meeting of the Compensation Committee and the Nomination Committee, CEO Manabe reported on targets for the year, as well as interim and year-end performance assessments,

"As DX is essential and strongly promoted for the Company's globalization efforts as well as its push to bolster drug discovery, I would like to make sure that we provide our full support."

—— Outside Director Nohara

"I would like to contribute to enhancing the effectiveness of the Board of Directors to enhance the value creation process with stakeholders, to promote ESG Management, to enhance corporate brand value, and to promote globalization."

—— Outside Director Nishii

which we used to evaluate the CEO's performance.

From this fiscal year, especially since the entire Group will be adopting a global HR system by FY2026, we plan to discuss what kind of compensation system should be suitable for executives as we move toward FY2026. We need to take into account developments in the situation and establishing an executive compensation system that has synergies with the global HR system, while having a perspective on revisions we should make even in the middle of the fiscal year as needed.

Kama

The Nomination Committee also met 11 times, discussing various topics such as the selection of the Chairperson & CEO and the President & COO, the establishment of the CEO/COO structure, the President & CEO succession plan, candidates for the Board of Directors, candidates for Audit & Supervisory Board Members, and the CxO structure, etc.

Furthermore, after several years of discussing the succession plan for the President, we presented Mr. Okuzawa to the Board of Directors as a candidate for President & COO as the most suitable person to lead the mid-to-long-term growth of the Group.

In addition, we have discussed the optimal composition of the Board of Directors with the aim of further enhancing the supervisory function of the Board of Directors. Considering the direction of the Company's strategy and the skills required, we presented Mr. Nishii to the Board of Directors as a new Outside Director candidate. I believe we need to continue discussing the composition of the Board of Directors as well as the selection of candidates whose skills closely meet to our business strategy.

What are your expectations for President & COO Okuzawa.

Kama

There was much discussion regarding the appointment of the President & COO, but we decided that he was the right person to be entrusted with the management of the Company based on his experience, performance, decisiveness, and high sense of accountability, as well as the trust he has earned from employees. I look forward to watching him actively engage in dialogue with internal and external stakeholders and play a role in making sure we achieve current 5-year business plan and realize our 2030 Vision.

Nohara

When appointing the President & COO, I remember that among the candidates, Mr. Okuzawa had the reputation of being supported and trusted by the people around him. With various Group companies operating around Japan and abroad, I feel it is important that someone who is well respected by all should be the leader to lead the global company. Although the pressure must be intense with the Company attracting more attention around the world, I hope that he will make the entire Group to work together to achieve our targets.

Komatsu

As the Company is rapidly transforming into a global healthcare company, we need to hold a long-term vision, while also responding to unexpected circumstances in a timely manner and advancing our business in a pragmatic manner. I appreciate President & COO Okuzawa's ability to balance both a long-term perspective and tackle unexpected challenges. When operating globally, we may encounter many unprecedented challenges. As President & COO Okuzawa has experience in handling and solving various difficult challenges overseas, I believe that he can demonstrate his strength as a leader.

Nishii

President & COO Okuzawa's targets for FY2023 include the following items from the perspective of promoting globalization: examining global HR programs, recruiting and developing core personnel, and promoting personnel exchanges. As chairperson of the Nomination Committee, I would like to offer my full support going forward.

In light of today's roundtable discussion, please tell us about your commitment to sustainably growing Daiichi Sankyo and enhancing its corporate value in the mid-to-long-term.

Nohara

The Company is now at a very important point in expanding its business in the oncology field and globalizing its operations, and there are a wide range of issues that need to be carefully discussed at the Board of Directors meetings. As one of the Outside Directors, I would like to take a long-term perspective as much as possible and lookout for all directions with an outside perspective in order to offer holistic opinions.

Komatsu

I will oversee management policy decisions to ensure that they are in line with the Company's Purpose and Core Value from an external perspective, particularly focusing on a public health standpoint. As an Outside Director, I will consider how the Company's business creates value at various levels, including the individual patient, the organizational level, the community level, and society as a whole.

Nishii

The strong engagement of employees, centered on the Purpose, creates value that improves the lives of patients and their families, and creating shared value with partners will globally expand this value. As a result, shareholder and investor expectations rise, which will be reflected in the Company's market capitalization. This in turn provides incentives for employees. I believe that the value of a company lies in its ability to keep this positive value-creation process going.

As the pharmaceutical business is a highly regulated business, I would like to fulfill my role as a supervisor to create a structure that keeps the value creation process going over the mid-to-long-term by creating shared value with stakeholders, while disclosing negative news when necessary.

In closing, please reflect on today's discussions and leave a message as Chairperson of the Board of Directors.

Kama

Although Outside Directors tend to lean toward defensive governance, I believe it is important to maintain a good balance between offensive and defensive governance, while placing a strong emphasis on offensive governance that supports the executive team.

As the chairperson, I would like to reiterate my commitment to carry out quality discussions from a long-term perspective with the aim of sustainably growing the Company and enhancing its corporate value over the mid-to-long-term. I would like to promote discussions while viewing the value that Daiichi Sankyo provides as a combination of social value, environmental value, and financial value, and keeping in mind the perspective that the corporate value is for all stakeholders, including patients and medical professionals.

"As an Outside Director, I will consider various levels, including the individual patient, the organizational level, the community level, and society as a whole."

—— Outside Director Komatsu

Corporate Governance

In addition to establishing a management framework that can respond swiftly and flexibly to changes in the business environment, the Daiichi Sankyo Group is working to ensure legal compliance and management transparency and to strengthen oversight of management and the execution of business. We place importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

Changes in Corporate Governance Structure

Since the merger of Sankyo Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. in 2007, we have operated the Nomination Committee and the Compensation Committee as voluntary committees. Also, one female Director has been appointed to the Board of Directors since 2019. With the aim of promoting the separation of execution and supervision and enhancing the transparency and supervisory function of the Board of Directors, an Outside Director has served as Chairperson of the Board of Directors since 2020.

Through these efforts, we are committed to establishing the governance system for the Board of Directors to make important business decisions and oversee its management appropriately, establishing an internal control system that ensures proper transition of power from the Board of Directors, and making sure the Board of Directors to improve its function and effectiveness.

Going forward, we will continue to work on further strengthening our corporate governance systems, as well as securing and improving the functions and effectiveness of the Board of Directors.

Changes in the Corporate Governance Structure

		2007	2014	2016	2017	2018	2019	2020	2021	2022	2023
Chairperson of the Board		Chairman	CEO				Chairman	Outside Director			
Directors	Outside	4 male members					3 male members and 1 female member				
	Inside	6 male members				5 male members					
Audit & Supervisory Board Members	Outside	2 male members	1 male members and, 1 female member		1 male member and 2 female members						
	Inside	2 male members									1 male member and, 1 female member
Nomination Committee		2 Outside Directors and 1 Inside Director	4 Outside Directors	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)							
Compensation Committee		2 Outside Directors and 1 Inside Director	4 Outside Directors	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)							
Compensation System (Incentives)		Short term: Annual performance-based bonus							Clawback provision		
		Long term: Share remuneration-type stock option			Long term: Restricted share-based compensation				Long term: Medium-term performance-based share compensation		
Corporate Governance Code		Explained 3 items immediately after applying the Code	Complied with all the items		Explained 1 item after revision Explain		Complied with all the items				

Corporate Governance Structure

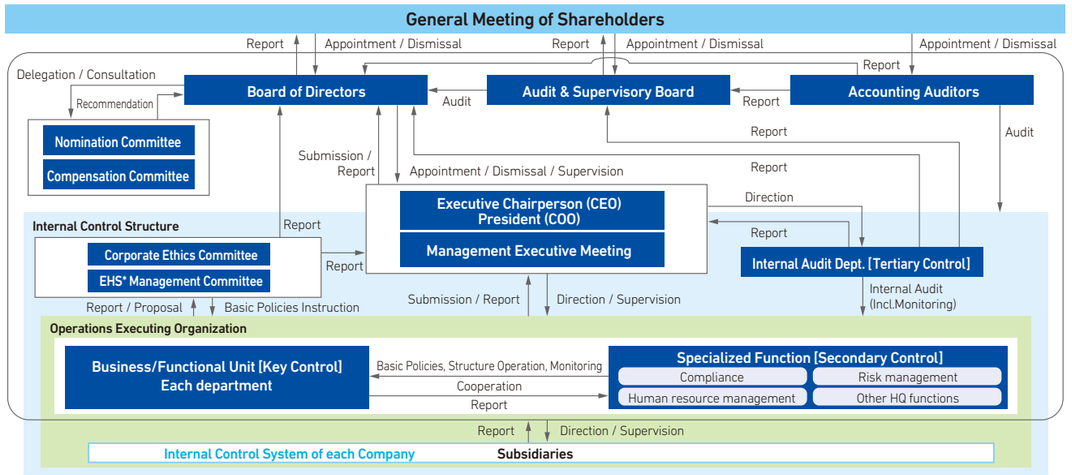
To clearly define the management responsibilities of Directors and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year. Moreover, four of the nine directors are outside directors. Since June 2020, an Outside Director has been appointed Chairperson of the Board of Directors.

To ensure management transparency, we have established two voluntary committees as advisory bodies to the Board of Directors: the Nomination Committee and the Compensation Committee. Both of these committees deliberate on the appointment or dismissal of the CEO and the COO, successor plan of the CEO and the nomination of Director candidatest, and executive compensation, among other matters. The committees above are comprised by four Outside Directors and one Outside Audit & Supervisory Board member participating as an observer. For audits of legal compliance and soundness of management, we have adopted an Audit & Supervisory Board system, its members are comprised with five Audit & Supervisory Board Members, three of those are outside members. The Company prescribes specific criteria on the judgement of independence of Outside Directors and Outside Audit & Supervisory Board Members and basic matters regarding execution of duties by Directors and Audit & Supervisory Board Members.

Under the global management structure, the Management Executive Meeting with CxO, Unit Heads, and Heads of Global Corporate Function as members is held as appropriate to deliberate on important matters related to the strategy, policy, and execution of group management, and to contribute to management decision-making. The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations. With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system which consists of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Internal Audit Department (tertiary controls).

We have adopted this corporate governance structure to be optimal for establishing a management structure that can respond swiftly and flexibly to changes in the business environment, for ensuring legal compliance and management transparency, and for strengthening the oversight of management and the execution of business.

Overview of the Corporate Governance Structure



* Environment, Health, Safety

Nomination Committee, Compensation Committee, and Audit & Supervisory Board

	Nomination Committee	Compensation Committee	Audit & Supervisory Board
Chairperson	Outside Director	Outside Director	Full-time Audit & Supervisory Board Member
Composition	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	2 Full-time Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Purpose	To deliberate matters required for the appointment or dismissal of the CEO and the COO, successor plan of the CEO, and the nomination of Director candidates, Audit & Supervisory Board member candidates, at the request of the Board of Directors, and to contribute to the enhancement of management transparency and oversight functions	To deliberate matters required for compensation policies for directors and corporate officers, as well as individual amounts of compensation at the request of the Board of Directors, and to contribute to the enhancement of management transparency and oversight functions	To receive reports on important matters related to auditing, and then discuss said matters or make resolutions on them. (However, the Audit & Supervisory Board cannot prohibit an Audit & Supervisory Board Member from exercising their rights)
Number of meetings held in FY2022	11	11	13

Other Committees

	Corporate Ethics Committee	EHS Management Committee
Chairperson	Compliance Officer (Head of Global Compliance & Risk)	Chief Executive Officer of EHS Management (Head of Global Corporate Strategy)
Composition	14 members, including 13 internal members appointed by the Chairperson and an appointed external attorney who ensures that the committee operates in a transparent and reliable manner Observers: Full-time Audit & Supervisory Board Members, Vice President of the Internal Audit Department, and Vice President of the Business Management Department	15 members, including Corporate Officers of Group companies appointed by the Chairperson Observer: Full-time Audit & Supervisory Board Member
Purpose	To comply with Japanese and other jurisdictions' laws and corporate ethics and to promote the management of corporate social responsibility.	To establish and operate a management system that continuously improves Environment, Health, and Safety with the aim of minimizing risks and contributing to a sustainable society, based on the recognition that protecting the environment and ensuring the health and safety of our employees throughout every aspect of the Group's corporate activities constitute key management issues.
Number of meetings held in FY2022	2	2

Message from the Chairperson of the Board

MESSAGE

Outside Director
(Independent Director)
Kazuaki Kama

The effectiveness of the Board of Directors of Daiichi Sankyo has been recognized both internally and externally. I believe one of the reasons for this is that the Chairperson of the Board of Directors is an Outside Director and the execution and supervision of management are clearly separated. Having recently assumed the position of Chairperson of the Board of Directors, I am keenly aware of the weight of my responsibility. The Board of Directors is properly managed through close communication between the Chairperson of the Board and the executive team, and we will continue to follow this practice. We will work on *offensive governance* by enhancing discussions aimed at sustainable growth as well as *defensive governance* by fulfilling our supervisory function.

As the executive team is making progress toward mid-to-long-term growth, we will hold discussions at the appropriate time. We will also check the progress regarding the globalization of our business as well as the globalization of the management foundation that underpins our business activities, in order to make further progress and eventually achieve our goal of becoming a global healthcare company.

With the external environment changing so dramatically, the Board of Directors will be called upon to respond to a variety of issues. In responding to the issues, I believe that being continuously aware of the perspectives of stakeholders, including patients and healthcare professionals, will help improve the transparency and oversight functions of the Board of Directors.

Requirements for Director Candidates

Directors shall meet the requirement of being personnel of possessing excellent character and insight who contribute to maximizing the corporate value of the Group. Directors shall meet the requirement of being appropriate persons with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.

Directors shall meet the requirements that they are the individuals with expertise, experience, and insight in one or more of the following fields: corporate management and management strategy, finance and accounting, science and technology, business strategy and marketing, global business, human resources and HR development, legal and risk management, sustainability and ESG, and DX and IT.

Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making and supervisory functions, based on various perspectives.

It is required that Outside Directors have, in principle, no more than three concurrent positions as officers of listed companies, excluding the Company.

Outside Directors and Outside Audit & Supervisory Board Members shall be confirmed to have no problems according to specific criteria on the judgment of independence.

Directors should attend Board of Directors meetings unless there are unavoidable circumstances and maintain an attendance rate of at least 75% or more.

The Company recognizes that ensuring the diversity of Directors particularly in terms of gender, nationality, race, etc. as well as incorporating diverse opinions into management are important for strengthening the decision-making and supervisory functions of Board of Directors. The Company will continue to discuss the selection of candidates for Directors with such aspects in mind. In furtherance of these principles, the Company will continue to discuss the selection of candidates for Directors based on these perspectives.

Skill Matrix of the Board of Directors

The Company has identified the skills (knowledge, experience, and abilities) that the Board of Directors should possess to properly fulfill its decision-making and management oversight functions, and has set up the Skill Matrix that organizes the possession status of such skills by Directors and Audit & Supervisory Board Members.

In light of our Purpose, Mission, and mid-to-long-term management direction and business strategy, the Company has identified the nine skills given the functions Board of Directors should have to fulfill, aiming to realize the 2030 Vision "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society" as shown in the current 5-year business plan. When appointing directors, we consider the diversity and balance of these skills. Audit & Supervisory Board members are appointed based on the requirements for candidates separately set by the Audit & Supervisory Board.

Policies and Procedures for Appointment/Dismissal

The Company has defined policies and procedures for the appointment and dismissal of Directors, the CEO, and the COO, as well as for the appointment of Audit & Supervisory Board Members. When selecting the candidates for Directors, Board of Directors shall appoint the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority. The selected candidates for Directors and Audit & Supervisory Board Members shall be proposed for appointments at the General Meeting of Shareholders. CEO candidates are appointed in accordance with the succession plan, qualification requirement definitions, etc. that have been discussed by the Nomination Committee, and the appointment (including reappointment) of the CEO and the COO is determined by resolution of the Board of Directors following sufficient deliberation and subsequent recommendation by the Nomination Committee.

If any director is found not meeting eligibility requirements or requirements for executing their duties as defined in the Companies Act or the Directors Regulations, following deliberation at the Nomination Committee and Board of Directors, the General Meeting of Shareholders shall deem that it meets criteria for dismissal of Directors, and resolve dismissal of such Director after the relevant proposal.

Dismissal of the CEO and the COO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for the execution of their duties, and determined in the same manner as appointment, by resolution of the Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

Message from the Chairperson of the Nomination Committee

MESSAGE

Outside Director (Independent Director)
Takaaki Nishii

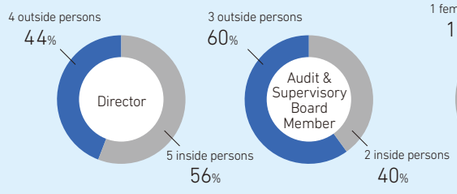
I believe that what is required of the Nomination Committee is a deep understanding of the management of Daiichi Sankyo Group, which is making great strides toward becoming a global healthcare company in both form and substance, and to figure out how to organize and support the management team that will drive the management transformation and the implementation of the current 5-year business plan. Starting this fiscal year, we transitioned to an executive structure under the leadership of CEO Manabe and COO Okuzawa, in which important management strategies are promoted by CxOs with global, cross-organizational responsibilities. Under this structure, the Board of Directors will need to take a long-term, multifaceted view from the perspective of multiple stakeholders, point out management issues that Daiichi Sankyo Group faces from an external perspective as it rapidly grows as a global healthcare company, oversee the execution process while also evaluating executive actions, and thoroughly communicate these issues to the executive team. We will refine these efforts in the course of the operations of the Board of Directors in the current fiscal year, and will also accurately address issues related to the composition of the Board of Directors, such as the number of directors, the ratio of Inside and Outside Directors, as well as diversity, including the appointment of female directors.

Skill Matrix

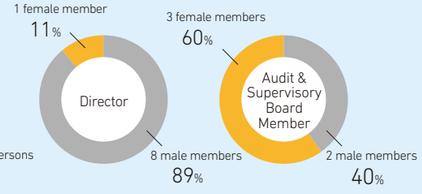
	Name	Outside Independent	Term of office	Board of Directors	Nomination Committee	Compensation Committee	Corporate Management/ Management Strategy	Finance/ Accounting	Science & Technology	Business Strategy/Marketing	Global Business	Human Resources/ Human Resource Development	Legal/Risk Management		Sustainability/ ESG	DX/IT	Qualification
Director	Sunao Manabe		9 years	○			●		●	●	●	●			●		Veterinarian
	Hiroyuki Okuzawa		2 years	○			●	●		●	●	●	●				
	Shoji Hirashima		3 years	○			●	●	●	●	●		●				
	Masahiko Ohtsuki		3 years	○			●		●		●					●	Pharmacist
	Takashi Fukuoka		1 year	○			●		●		●						Veterinarian
	Kazuaki Kama	○	4 years	◉ Chairperson	○	○	●	●			●	●	●		●		
	Sawako Nohara	○	4 years	○	○	◉ Chairperson	●		●	●					●	●	
	Yasuhiro Komatsu	○	1 year	○	○	○			●			●	●				Doctor
	Takaaki Nishii	○	—	○	◉ Chairperson	○	●			●	●	●			●		
Audit & Supervisory Board Member	Kenji Sato		4 years	○					●			●	●				
	Miyuki Arai		—	○					●				●				Pharmacist
	Yukiko Imazu	○	5 years	○		□ (Observer)						●	●				Lawyer
	Masako Watanabe	○	2 years	○				●					●				Certified public accountant
	Mitsuhiro Matsumoto	○	1 year	○	□ (Observer)							●	●				

Composition of the Board of Directors and the Audit & Supervisory Board

Percentage of Outside Directors



Percentage of Female Board Members



Our *Independence Standards for Outside Directors* are published on the website.
Read more here
https://www.daiichisankyo.com/about_us/governance/criteria_for_independence/

Approach to Director's Compensation

As of FY2021, the Company has reviewed its executive compensation system in order to set a compensation level that is at the upper level in the industrial sector, and increase the variable compensation ratio in order to strengthen the incentives that motivate further increase of the value for the company.

◉ Compensation policy

Compensations to Directors are designed based on the following ideas.

- Compensation system with a compensation level that can secure and maintain excellent human resources
- Compensation system that motivates sustainable growth over the mid-to-long-term and contributes to the increase of the value of the Company and shareholder value
- A transparent, fair, and rational compensation system accountable to stakeholders

◉ Compensation level

The level of compensations to Directors is set aiming to provide the high level compensations in the industrial circle, referring to the levels of other companies learned from the surveys of external specialist institutions. Specifically, the Company mainly compares companies within the top 100 companies by market capitalization among the companies listed on the Tokyo Stock Exchange, and also refer to the levels of major domestic pharmaceutical companies.

◉ Composition of compensation for directors (excluding outside directors)

It is designed to encourage management efforts from short-term and mid-to-long-term perspective and appropriately to be able to reward the results by the composition of four compensations such as basic, fixed compensation, annual performance-based bonuses, which is a variable compensation serving as short-term incentive, and restricted share-based compensation and medium-term performance-based share compensation serving as long-term incentive. Retirement benefit system is not adopted.

◉ Composition of compensation for outside directors

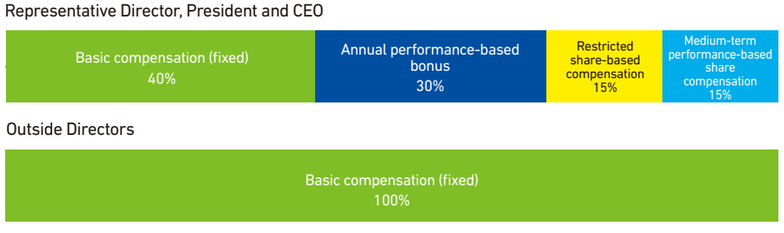
Compensation to Outside Directors who are in charge of management oversight and are not in the position to take charge of business execution is only basic, fixed compensation. Incentive bonuses and retirement benefit system are not adopted.

◉ Ratio of the composition of compensations

The composition of compensations to Representative Director, President and CEO is designed to have its ratio of 40% as basic compensation, 30% as annual performance-based bonuses, 15% as restricted sharebased compensation and 15% as medium-term performance-based share compensation when achieving the performance target of 100%.

The ratio of the composition of compensations of other Directors (excluding Outside Directors) will be determined in consideration of the responsibilities and the level of compensation according to the ratio of composition of compensation of Representative Director, President and CEO. Compensation to Outside Directors is only basic, fixed compensation.

Ratio of the Composition of Compensations



◉ Basic compensation

Basic compensation to Directors shall be paid on one regular day of each month during their tenure, and the amount of individual compensation is determined according to the compensations policy and the level of compensations.

◉ Annual performance-based bonuses (short-term incentive)

The amount of annual performance-based bonuses, which are short term incentive remuneration, will be decided according to the degree of achievement of the earnings forecasts announced at the beginning of the fiscal year about revenue, core operating profit ratio*, and profit attributable to owners of the Company, and the evaluation of goals and tasks which each Director set at the beginning of the fiscal year.

The formula for calculating the amount of payment and mechanism of annual performance-based bonuses are as follows.

* Core operating profit ratio: an indicator of ordinary profitability calculated by excluding temporary income and expenses from operating profit.

1. Calculation formula for annual performance-based bonuses

Bonus payment amount = Standard amount by position ×Achievement of annual targets (revenue + core operating profit ratio + profit attributable to owners of the Company) × Performance evaluation

2. Performance evaluation

It will be converted into a coefficient and calculated according to the degree of achievement of each Director's goals and tasks set at the beginning of the fiscal year.

The performance evaluation of the Chairperson and the President will be determined after deliberation at the Nomination and Compensation Joint Meeting.

For other Directors, the evaluation decided by the CEO after deliberation at the performance management meeting shall be applied. The evaluation results of Directors will be reported to the Compensation Committee.

◉ Restricted share-based compensation (long-term incentive)

The Company grants, every year in principle, shares with transfer restriction until the time immediately after resignation or retirement of a Director. The objective of the system is to give incentives to sustainably increase the value of the Company and to promote sharing the same value between shareholders and Directors for as long as possible by having the restricted shares. The total number of the ordinary shares of the Company to be issued or disposed of is 240 thousand shares or less per year. When restricted share-based compensation is paid, monetary compensation receivables will be paid to Directors based on a resolution of Board of Directors of the Company, and Directors will pay all of the paid monetary compensation receivables as in-kind contribution assets of the Company's ordinary shares and will be issued them.

* If a share split of the Company's ordinary shares (including a gratis allotment of the Company's ordinary shares) or a share consolidation occurs, or if there is any other reason that requires adjustment of the total number, the Company will adjust the number in a reasonable range as necessary according to the split or consolidation ratio.

Message from the Chairperson of the Compensation Committee

MESSAGE

Outside Director (Independent Director)
Sawako Nohara

The Compensation Committee will continue to deliberate on Daiichi Sankyo's compensation system, including its policy and composition for Directors and Corporate Officers, and will review the operation of the system and the appropriateness of compensation for each individual and revise the system as appropriate. With regard to the performance evaluation of the CEO and COO in this fiscal year, we have received explanations from each of them about their goals at the beginning of the fiscal year, and at the end of the fiscal year, the Compensation Committee will conduct a performance evaluation after receiving a report on their performance evaluation compared to the goals.

As Chairperson, I will encourage free and lively discussions about the above, summarize the deliberations, report back to the Board of Directors, and provide explanations to the stakeholders.

Furthermore, from this fiscal year, the Compensation Committee will discuss the executive compensation system that takes into account the global personnel system, namely, the compensation system corresponding to the global management system with CxOs, Unit Heads, and Heads of Global Corporate Function, etc., and will promptly revise the system during the current 5-year business plan period, if necessary.

◉ Medium-term performance-based share compensation (long-term incentive compensation)

Medium-term performance-based share compensation, which is a long-term incentive compensation, will be a trust-type share compensation system that has the nature of performance share (performance-based share compensation) for Directors (excluding Outside Directors) and the Corporate Officers (hereinafter, "the Target Directors & Officers") as compensation based on the achievement of the performance of the mid-term business plan in order to promote management with an emphasis on increasing shareholder value over the mid-to-long-term.

The indicators for the achievement of mid-term targets include not only financial indicators, but also non-financial indicators such as research and development progress and ESG indicators. The performance-based coefficient is determined within the range of 0% to 200% according to the degree of achievement of those targets. With justifiable reason, when it is not possible to establish the trust, amend the trust agreement, make additional contribution to the Trust, or when Target Directors & Officers are non-resident of Japan, or with any other justifiable reason, that delivery of the Company's Shares, etc. to Target Directors & Officers from the trust is not possible, the Company may, within the upper limit of money to be contributed by the Company, make monetary payments of the amount reasonably calculated based on the number of the Company's Shares, etc. that should be delivered in accordance with the plan and share price, etc., to Target Directors & Officers.

Index for the achievement of targets	Evaluation ratio	Evaluation coefficient fluctuation range	Targets (set with the following as a guide)		
Revenue	20%	0-200%	Upper limit: Target x 110%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 90%
Core operating profit ratio before research and development expenses	20%	0-200%	Upper limit: Target x 120%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 80%
ROE	20%	0-200%	Upper limit: Target x 140%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 60%
Research and development progress	15%	0-200%	Research and development achievements (number of new indications for 3ADCs on the market, pipeline value in the early and late stages)		
ESG indicators	10%	0-200%	Evaluation based on Dow Jones Sustainability Indices, FTSE Russell, and Access to Medicine		
Relative TSR*	15%	0-200%	Upper limit: Comparison result with TOPIX including dividend x 150%	Target: Comparison result with TOPIX including dividend x 100%	Lower limit: Comparison result with TOPIX including dividend x 50%
Total	100%	0-200%			

* Abbreviation of Total Shareholder Returns

◉ Clawback Provision

The Company will set forth a clawback clause that can request for the refund of part or all of the compensation received for annual performance-based bonuses and medium-term performance-based share compensation by the resolution of Board of Directors after consultation with the Compensation Committee in the event that a material accounting error or fraud, or record of a significant impairment loss occurs.

This clause will be applied from the FY2021 annual performance-based bonus and medium-term performance-based share compensation and will be applied for all periods thereafter.

◉ Compensation Governance and Decision-making Process

The Compensation Committee has been established as an advisory body to Board of Directors to ensure the appropriateness of compensation for Directors and the Corporate Officers and the transparency of the decision-making process. The Compensation Committee consists of only Outside Directors, with one Outside Audit & Supervisory Board Member participating as an observer, and the chairperson is appointed by mutual election of the members.

The Compensation Committee fully discusses the compensation system, the composition of the compensation, verification and review of compensation levels for each position, target setting and result confirmation of annual performance-based bonuses and medium-term performance-based share compensation, and allocation of restricted share.

The amount of compensation for each individual Director of the Company is first deliberated by the Compensation Committee, and then based on the deliberation results, each type of the compensation will be determined by a resolution of Board of Directors within the total amount of compensation resolved at the General Meeting of Shareholders.

See here for an overview of the compensation system

https://www.daiichisankyo.com/about_us/governance/compensation/

Our Approach to Audit & Supervisory Board Member Compensation

Given that Audit & Supervisory Board Members are in charge of the supervisory function and do not execute operations, their compensation, etc. consists only of basic compensation, which is fixed compensation.

The basic compensation level is set with reference to the level of compensation at the higher end of the industry, based on surveys of external professional institutions. Specifically, the Company primarily compares companies within the top 100 companies by market capitalization among the companies listed on the Tokyo Stock Exchange and refers to the levels of major domestic pharmaceutical companies.

The compensation amount, etc. of individual Audit & Supervisory Board Members is determined based on the discussions by the Audit & Supervisory Board and with the unanimous consent of the Audit & Supervisory Board Members, within the total amount of remuneration decided on at the General Meeting of Shareholders.

Enhancing the Effectiveness and Functions of the Board of Directors

The Company utilizes the board evaluation in order for Board of Directors and Directors themselves to assess their current status and identify issues to be addressed, continuously making efforts to improve the functions and effectiveness of its Board of Directors.

The Company has conducted board evaluation of Board of Directors every fiscal year and addressed the issues identified for improvement through the board evaluation. In the subsequent board evaluation, the Company assesses the latest status and confirms the status of improvement from the previous fiscal year.

Implementation Method of Board Evaluation for FY2022

The Company determines, as the contents and items for evaluation relating to the effectiveness of the Board as a whole, the board evaluation items including the items to be evaluated by the Directors themselves in addition to the evaluation of the Board as a whole with reference to the principle and supplementary principle associated with the general principle 4, "Roles and Responsibilities of the Board," of Japan's Corporate Governance Code.

The major evaluation items are as follows:

(1) Roles and responsibilities of the Board
(2) Operation of the Board
(3) Composition of the Board
(4) Functions of the Nomination Committee and the Compensation Committee
(5) Issues and matters for improvement regarding effectiveness of the Board
(6) Resolution of issues identified in the previous fiscal year's board evaluation, and improvement measures
(7) Overall corporate governance

All Directors and Audit & Supervisory Board Members self-evaluate the above matters by selecting grades and answering free descriptions, and the analysis results and the details are reported to the Board.

The latest round of self-evaluation generated quite a few candid opinions by selecting grades and using a free-description format. Based on these results, the Company has identified the issues and matters for improvement that will help improve the functions and effectiveness of the Board.

Results of the Board Evaluation for FY2022

The result of the board evaluation for FY2022, concluded that in terms of its roles, responsibilities, operation and composition, the Board of the Company, as well as the Nomination Committee and the Compensation Committee, which are advisory bodies to the Board, are functioning appropriately, and that the effectiveness of the Board as a whole has been ensured.

In addition, the Company confirmed that improvements are being made in 1 through 3 below, which were identified as items that need further improvement in the evaluation of the previous fiscal year, with the following efforts.

	Issues for Improvement (identified in FY2021)	Major Initiatives in FY2022
1	Enhancement of discussions on key matters at the Board	• In the Board and meetings to exchange views among Directors and Audit & Supervisory Board Members, there was intensive discussion on topics including long-term strategies (business strategies, realization of Healthcare as a Service, and ESG), and globalization.
2	Enhancement of the Board' oversight functions in terms of operation	• The Company set up even more forums for discussion, including occasions other than the Board meetings (meetings to exchange views among Directors and Audit & Supervisory Board Members, meetings for Outside Directors and Outside Audit & Supervisory Board Members, briefing sessions for Outside Directors and Outside Audit & Supervisory Board Members). • The discussions focused on the optimal balance between oversight and execution for the Company and reviewed the standard for submitting matters for discussion at the Board with a view to optimizing matters for deliberation and reported matters.
3	Considerations for optimizing the Board composition	• In the Board and Nomination Committee, the members discussed the optimal composition of members of the Board for the Company with the objective of increasing corporate governance and further strengthening the oversight functions of the Board.

Priority Measures for FY2023

Drawing on the evaluations of FY2022, the Company endeavors to ensure and improve the functions and effectiveness of its Board. To such end, the Company will implement the following priority measures in FY2023:

(1) Enhancement of discussion on key matters for further strengthening the oversight functions of the Board (long-term strategy, globalization, etc.)

(2) Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board

(3) Further considerations for optimizing the Board composition

In FY2021, the Company conducted a board evaluation by a third-party organization. Going forward, the Company plans to conduct a board evaluation every fiscal year and conduct evaluations by a third-party organization on a regular basis.

Status of Audit by Audit & Supervisory Board Members for FY2022

◉ Organization, Personnel and Procedures of the audit by Audit & Supervisory Board Members

The Company is a company with an Audit & Supervisory Board, and Audit & Supervisory Board comprises of five Audit & Supervisory Board Members (two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members), which includes one certified public accountant.

The Company has Office of Audit & Supervisory Board Members with four full-time staff independent of the execution of business operations, to provide assistance in the execution of the duties of Audit & Supervisory Board Members.

◉ Activities of Audit & Supervisory Board and its Members

As a general rule, Audit & Supervisory Board meeting is held once a month.

Aside from Audit & Supervisory Board meetings, exchanges of views among Audit & Supervisory Board Members are held after the Board meetings, etc.

22 proposals were placed on the meeting agenda this fiscal year, and approximately 120 minutes was devoted to a regular Audit & Supervisory Board meeting on average.

◉ Specific Sharing and Considerations in Audit & Supervisory Board

- Audit policy, audit plans, and division of duties
- Interview policy and major activities of Audit & Supervisory Board Members
- Audit Reports by Audit & Supervisory Board
- Consent for the Proposal in General Shareholders Meeting "Election of Audit & Supervisory Board Members"
- Evaluation of Accounting Auditors
- Evaluation of the effectiveness of Audit & Supervisory Board
- Internal audit plans and results
- Prior consent by Audit & Supervisory Board for non-assurance services by the audit firm
- Monthly execution status of duties by Audit & Supervisory Board Members

Activities of Audit & Supervisory Board Members

Activities		Relevant Members
Regular Meetings with Representative Directors	Held twice a year	Full-time / Outside
Regular Meetings with Chairperson of the Board	Held twice a year	Full-time
Meetings with Directors	Held once a year	Full-time
Attendance at important meetings	Attendance in meetings such as those of the Board, Executive Management Committee Meeting	Full-time / Outside
	Corporate Ethics Committee and EHS Management Committee	Full-time
Attendance at important meetings of the domestic Group companies, etc.	Acting as Part-Time Audit & Supervisory Board Members of the principal domestic Group companies, attendance in meetings of bodies such as the Board and Executive Management Committee Meeting of such companies and perusal of important documents of such companies	Full-time
Perusal of important documents	Perusal of documentation that includes approval documents, materials and minutes of important meetings	Full-time
Interviews by Audit & Supervisory Board Members	Interviews with Heads of Unit, Heads of Division, Vice Presidents (department), Vice Presidents (research laboratories), Presidents and Directors in charge of internal control of domestic Group companies, Presidents and Heads of Internal Audit Department of overseas Group companies, etc.	Full-time / Outside
Advice and requests at the Board meetings		Full-time / Outside
Membership of voluntary advisory committees	Confirmation of activity status as observer of Nomination Committee and Compensation Committee	Outside
Cooperation with Outside Directors	Holding meetings to exchange views	Outside
	Holding Individual interviews	Full-time
	Holding audit status report meetings by Audit & Supervisory Board Members of domestic Group companies	Full-time / Outside
Meetings with Audit & Supervisory Board Members of domestic Group companies	Held three times a year	Full-time
Cooperation with the Internal Audit Department	Reporting internal audit plans, results and engaging in exchange of views, confirming audit points before internal audits, information-sharing and exchange of views at monthly meetings	Full-time
	Attendance of the Internal Audit Department at meetings between Audit & Supervisory Board Members and Accounting Auditors	Full-time / Outside
Cooperation with the Accounting Auditors	Receiving briefings and reports from the Accounting Auditor on matters that include the audit plan, audit/quarterly review results, results of internal control audit (J-SOX), and engaging in information-sharing and exchange of views on recent topics on a monthly basis	Full-time / Outside
	Consultation about Key Audit Matters (KAM)	

Audit & Supervisory Board Evaluation for FY2022

The Audit & Supervisory Board conducted its own evaluation for FY2022 to heighten its effectiveness of the Audit & Supervisory Board.

◉ Implementation method of Audit & Supervisory Board evaluation

Audit & Supervisory Board established a wide range of evaluation items associated with Audit & Supervisory Board effectiveness. Each Audit & Supervisory Board Member conducted a self-evaluation of Audit & Supervisory Board, then discussed those matters.

◉ Results of the evaluation of Audit and Supervisory Board

It was confirmed that the activities of Audit & Supervisory Board were conducted appropriately overall and that its effectiveness was ensured.

As business expands globally, the importance of auditing the operation status of the management structure, the implementation status of risk management and BCP has been increasing. Therefore, Audit & Supervisory Board will draw on these results in terms of applying them to initiatives to be carried out for subsequent fiscal years.

Message from Outside Audit & Supervisory Board Members

MESSAGE

Questions

1. Please tell us about the role you have played based on your experience and expertise, and the type of governance that is appropriate for Daiichi Sankyo (future challenges, etc.).
2. What are your initiatives to improve transparency and fairness?

Outside Audit & Supervisory Board Member
(Independent Auditor)
Yukiko Imazu

1 It goes without saying that compliance is extremely important for Daiichi Sankyo to maintain a sound corporate governance system that lives up to society's trust in the company. Based on my many experiences as an attorney-at-law, I have contributed to the sound and legall corporate management of Daiichi Sankyo by expressing my opinions objectively as an Outside Audit & Supervisory Board Member with a legal mindset, thereby avoiding unnecessary legal risks.

2 To improve the transparency and fairness of corporate management, it is necessary to ensure effective internal autonomy and self-regulatory functions, while always being mindful of external perspectives. In addition to having an Outside Director serving as Chairperson of the Board since 2020, Outside Directors and Outside Audit & Supervisory Board Members participate very actively in discussions of the Company, resulting in a highly transparent and fair corporate governance system that fully reflects the opinions of Outside Directors and Outside Audit & Supervisory Board Members. I will continue to make every effort to further improve the transparency and fairness of our corporate management, fully aware of the importance of the role expected from an Outside Audit & Supervisory Board Member.

Outside Audit & Supervisory Board Member
(Independent Auditor)
Masako Watanabe

1 As a certified public accountant, I have contributed improve governance functions by leveraging my experience and knowledge in auditing financial statements and internal controls of various companies to confirm and comment from an external perspective on the adequacy and sufficiency of information disclosure, including financial reporting and non-financial information, as well as the adequacy and effectiveness of internal control systems that are maintained and operated on a global basis.

With the expansion of Daiichi Sankyo's global business operations, collaboration with the Internal Audit Department and Accounting Auditors is more important than ever, and we will further strengthen the collaboration of the three auditing parties to share the risks of the entire Group and improve the effectiveness of the auditing system.

2 Daiichi Sankyo has a system under which opinion exchange sessions with Outside Directors are held to freely and openly discuss issues of concern from an objective perspective, and the results are fed back to the executive team for review, thereby enhancing transparency and fairness. In addition, the Company is taking steps to promote understanding of the actual state of management by listening to different people on the front lines, including through site visits to manufacturing and research facilities, and by providing auditors with opportunities to interview department managers in the course of their duties.

Outside Audit & Supervisory Board Member
(Independent Auditor)
Mitsuhiro Matsumoto

1 As Daiichi Sankyo continues to evolve into a global structure, I was able to use my experience in leading large organizations, as well as in dealing with cyberattacks and responding to changes in the security environment, to provide oversight and advice as an Audit & Supervisory Board Member.

As the company globalizes, its stakeholders expand, and I believe that the challenge is in establishing governance that earns and maintains the trust of these stakeholders.

2 To gain investor confidence, risks must be made as transparent as possible. In addition, behaviors seen as socially unjust can lead to reputational risk for a global company. Efforts to eliminate external diseconomies must also be made constantly. To ensure that R&D, manufacturing, quality assurance, sales and marketing, and other business sites contribute fully to society and continue to earn the trust of the market, it is necessary to create a fair governance system that clarifies and eliminates risk factors and prepares for unforeseen risks. I believe this is one of the most important, missions of Audit & Supervisory Board Members.

Introduction of Directors and Audit & Supervisory Board Members

Directors

Sunao Manabe

Representative Director,
Executive Chairperson & CEO

Career Summary, Positions, and Assignments

1978 Joined Sankyo Company, Limited ("Sankyo")
2005 Vice President, Medicinal Safety Research Laboratories of Sankyo
2007 Vice President, Medicinal Safety Research Laboratories of the Company
2009 Corporate Officer, Vice President of Global Project Management Department, R&D Division
2011 Corporate Officer, Head of Group HR & CSR
2012 Corporate Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division
2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division
2014 Director, Executive Officer, President of Japan Company and Head of Business Intelligence Division
2015 Director, Senior Executive Officer, In Charge of Global Sales & Marketing
2016 Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division
2016 Representative Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division
2017 Representative Director, President and COO
2019 Representative Director, President and CEO
2023 Representative Director, Executive Chairperson & CEO (to present)

Hiroyuki Okuzawa

Representative Director,
President & COO

Career Summary, Positions, and Assignments

1986 Joined Sankyo Company, Limited
2017 Vice President of Business Planning Department, ASCA Company of the Company
2018 Corporate Officer, President of ASCA Company
2021 Executive Officer, Head of Corporate Planning & Management Division and CFO
2021 Director, Executive Officer Head of Corporate Planning & Management Division, CFO
2022 Director, Senior Executive Officer Head of Corporate Planning & Management Division, CFO
2023 Representative Director, President & COO (to present)

Shoji Hirashima

Representative Director,
Senior Executive Officer,
Head of Japan Business Unit

Career Summary, Positions, and Assignments

1988 Joined Daiichi Pharmaceutical Company, Limited
2010 CEO, U3 Pharma GmbH
2015 Vice President, Corporate Strategy Department, Corporate Strategy Division of the Company
2016 Vice President of Corporate Strategy Department and Senior Director of Oncology Business Group, Corporate Strategy Division
2017 Corporate Officer, Vice President of Corporate Business Management Department, Corporate Strategy and Management Division
2019 Executive Officer, Head of Global Brand Strategy Division
2020 Senior Executive Officer, Head of Global Brand Strategy Division
2020 Director, Senior Executive Officer, Head of Global Brand Strategy Division
2021 Director, Senior Executive Officer, Head of Corporate Strategy Division
2022 Representative Director, Senior Executive Officer, Head of Japan Business Unit (to present)

Masahiko Ohtsuki

Director, Senior Executive Officer,
Head of Global DX, CDXO

Career Summary, Positions, and Assignments

1987 Joined Sankyo Company, Limited
2010 Vice President, R&D Planning Department, R&D Division of the Company
2012 Vice President, Research Oversight Function, R&D Division
2013 Vice President, Research Oversight Function, R&D Division
2014 Corporate Officer, Vice President of Research Oversight Function, R&D Division
2018 Corporate Officer, Vice President of Business Development & Licensing Department
2019 Executive Officer, Vice president of Business Development & Licensing Department
2020 Senior Executive Officer, Head of Digital Transformation Management Division
2020 Director, Senior Executive Officer, Head of Digital Transformation Management Division, CIO
2023 Director, Senior Executive Officer, Head of Global DX
Chief Digital Transformation Officer (CDXO) (to present)

Directors

Kazuaki Kama

Outside Director(Independent Director)
Chairperson of the Board

Career Summary, Positions, and Assignments

1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, IHI Corporation)
1987 Executive Vice President of IHI INC. (New York)
2002 Associate Director and Deputy General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
2004 Executive Officer and General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
2005 Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
2005 Board Director, Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.
2007 President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries Co., Ltd.
2012 Chairperson of the Board of IHI Corporation
2016 Board Director of IHI Corporation
2016 Executive Corporate Advisor of IHI Corporation
2019 Outside Director of the Company (to present)
2020 Senior Advisor of IHI Corporation (to present)

(Material Concurrent Positions)
- Senior Advisor of IHI Corporation
- Outside Director of Japan Exchange Group, Inc.

Sawako Nohara

Outside Director(Independent Director)
Chairperson of the Compensation Committee

Career Summary, Positions, and Assignments

1980 Joined Mitsubishi Petrochemical Co., Ltd. (currently, Mitsubishi Chemical Corporation)
1988 Joined Life Science Institute Co., Ltd.
1995 Joined InfoCom Research, Inc.
1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc.
2001 President of IPSe Marketing, Inc. (to present)
2006 Outside Director of the Board of NEC Corporation
2009 Project Professor of the Graduate School of Media and Governance, Keio University
2012 Audit & Supervisory Board Member of Sompo Japan Insurance Inc.
2013 Outside Director of the Board of NKSJ Holdings, Inc. (currently, Sompo Holdings, Inc.)
2014 Outside Director of the Board of Nissha Printing Co., Ltd. (currently, Nissha Co., Ltd.)
2014 Outside Director of the Board of JAPAN POST BANK Co., Ltd.
2018 Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.
2019 Outside Director of the Company (to present)
2020 Project Professor of the Graduate School of Media and Governance, Keio University
2021 Outside Director of Tokyo Gas Co., Ltd.
2021 Outside Director of Keikyu Corporation (to present)
2022 Outside Director of Resona Holdings, Inc. (to present)

(Material Concurrent Positions)
- President of IPSe Marketing, Inc.
- Outside Director of Keikyu Corporation
- Outside Director of Resona Holdings, Inc.

Yasuhiro Komatsu

Outside Director(Independent Director)

Career Summary, Positions, and Assignments

1998 Chief, Department of nephrology, St. Luke's International Hospital
2007 Director, Kidney center. St. Luke's International Hospital
2011 Vice President, Chief Quality and Safety Officer, St. Luke's International Hospital
2017 Chairman and Professor, Department of Healthcare Quality and Safety, Graduate School of Medicine, Gunma University
2017 Director, Department of Healthcare Quality and Safety, Gunma University Hospital
2018 Vice president (specially appointed), Gunma University Hospital
2022 Outside Director of the Company (to present)
2023 Professor Emeritus and Professor (Specially appointed for Quality & Safety Science) at Gunma University (to present)
2023 Advisory Board Member, Gunma University Hospital (to present)
2023 Vice president, Itabashi Chuo Medical Center (to present)

(Material Concurrent Positions)
- Professor Emeritus and Professor (Specially appointed for Quality & Safety Science) at Gunma University
- Vice president of Itabashi Chuo Medical Center
- Advisory Board Member of Gunma University Hospital

Takaaki Nishii

Outside Director(Independent Director)
Chairperson of the Nomination Committee

Career Summary, Positions, and Assignments

1982 Joined Ajinomoto Co., Inc.
2004 Member of the Board, Ajinomoto Frozen Foods Co., Inc.
2007 Corporate Vice President, Ajinomoto Frozen Foods Co., Inc.
2011 Corporate Executive Officer, Ajinomoto Co., Inc.
2013 Member of the Board & Corporate Vice President, Ajinomoto Co., Inc.
2013 President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.
2015 Representative Director, President & Chief Executive Officer, Ajinomoto Co., Inc.
2021 Director, Representative Executive Officer, President & CEO, Ajinomoto Co., Inc.
2022 Director, Executive Officer, Ajinomoto Co., Inc.
2022 Senior Corporate Advisor, Ajinomoto Co., Inc. (to present)
2023 Outside Director of the Company (to present)

(Material Concurrent Positions)
- Senior Corporate Advisor of Ajinomoto Co., Inc.
- Outside Director of Kao Corporation

Directors

Takashi Fukuoka

Director
Senior Executive Officer
Head of Global Corporate Strategy CStO

Career Summary, Positions, and Assignments

1987 Joined Sankyo Company, Limited
2013 Vice President of Venture Science Laboratories, R&D Division of the Company
2019 Corporate Officer of the Company Executive Vice President, Head of R&D Affairs of Daiichi Sankyo Inc.
2022 Executive Officer Head of Corporate Strategy Division of the Company
2022 Director, Executive Officer Head of Corporate Strategy Division of the Company
2023 Director, Senior Executive Officer Head of Global Corporate Strategy Chief Strategy Officer (CStO) (to present)

Audit & Supervisory Board Members

Kenji Sato

Audit & Supervisory Board Member

Carrer Summary, Positions, and Assignments

1988 Joined Daiichi Pharmaceutical Co., Ltd.
2016 Vice President, R&D General Affairs & Human Resources Department, R&D Division of the Company
2019 Principal, R&D General Affairs & Human Resources Department, R&D Division
2019 Audit & Supervisory Board Member (to present)

Miyuki Arai

Audit & Supervisory Board Member

Carrer Summary, Positions, and Assignments

1985 Joined Sankyo Company, Limited
2015 Vice President of Pharmacovigilance Department, Quality & Safety Management Division of the Company
2017 Vice President of Safety and Risk Management Department, Quality & Safety Management Division
2019 Corporate officer, Head of Quality & Safety Management Division
2022 Corporate Officer in charge of Quality Assurance & Regulatory Affairs and Clinical Safety & Pharmacovigilance
2023 In charge of Office of Audit & Supervisory Board Members
2023 Audit & Supervisory Board Member (to present)

Audit & Supervisory Board Members

Yukiko Imazu

Outside Audit & Supervisory Board Member
(Independent Auditor)

Carrer Summary, Positions, and Assignments

1996 Joined Anderson Mōri (currently, Anderson Mōri & Tomotsune)
2005 Partner, Attorney-at-Law, Anderson Mōri & Tomotsune (to present)
2007 Associate Professor of Keio University Law School
2014 Director, Ishibashi Foundation (to present)
2018 Outside Audit & Supervisory Board Member of the Company (to present)
2022 Outside Auditor, dip Corporation
2022 Outside Director, ALCONIX CORPORATION (to present)
2023 Outside Director and Audit & Supervisory Committee Member, dip Corporation (to present)

(Material concurrent positions)
- Partner, Attorney-at-Law, Anderson Mōri & Tomotsune
- Outside Director and Audit & Supervisory Committee Member, dip Corporation
- Outside Director, ALCONIX CORPORATION

Masako Watanabe

Outside Audit & Supervisory Board Member
(Independent Auditor)

Carrer Summary, Positions, and Assignments

1984 Joined The Fuji Bank, Ltd. (currently "Mizuho Bank, Ltd.")
1990 Joined Tohmatsu LLC (currently "Deloitte Touche Tohmatsu LLC")
1994 Registered as Certified Public Accountant
2007 Partner, Tohmatsu LLC
2020 Representative of Masako Watanabe Certified Public Accountant Office (to present)
2021 Outside Audit & Supervisory Board Member of the Company (to present)
2021 Outside Director, Sakata Seed Corporation (to present)

(Material concurrent positions)
- Outside Director, Sakata Seed Corporation

Mitsuhiro Matsumoto

Outside Audit & Supervisory Board Member
(Independent Auditor)

Carrer Summary, Positions, and Assignments

1983 Joined the National Police Agency ("NPA")
2009 Chief, Fukushima Prefectural Police
2012 Director, Personnel Division, Commissioner-General's Secretariat, NPA
2013 Director-General, Public Security Department, Tokyo Metropolitan Police
2014 Chief, Kanagawa Prefectural Police
2015 Director-General, Foreign Affairs and Intelligence Department, NPA
2016 Director-General, Security Bureau, NPA
2018 Director-General, Commissioner-General's Secretariat, NPA
2018 Deputy Commissioner-General, NPA
2020 Commissioner-General, NPA
2021 Retired from NPA
2022 Outside Audit & Supervisory Board Member of the Company (to present)
2023 Outside Director of Japan Exchange Group, Inc. (to present)

(Material concurrent positions)
- Outside Director of Japan Exchange Group, Inc.

As of Sept.30, 2023

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.

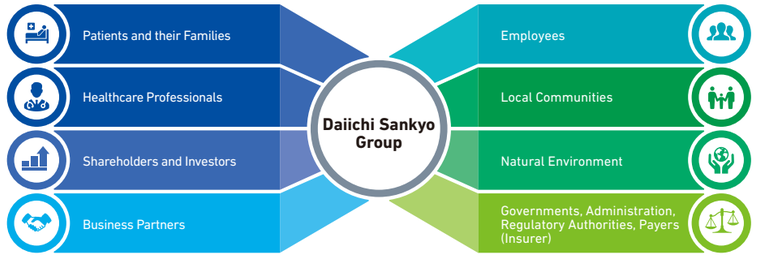
Basic Approach to Engagement

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.

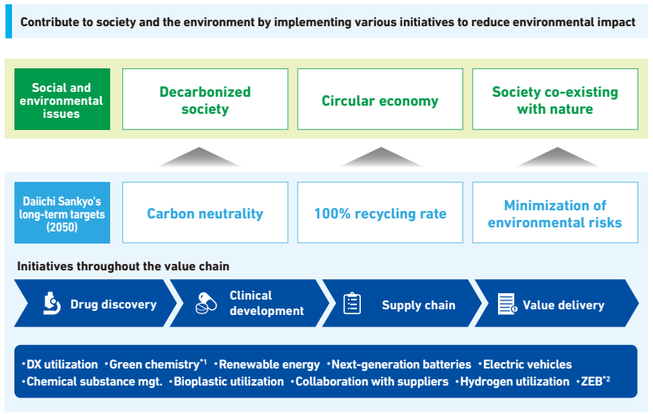
*1 Activities aimed at realizing "life with smile" for people around the world by providing opportunities for all Group members to understand the lives and needs of patients and to think about what we can do to help, based on the Group's slogan, "Compassion for Patients".
*2 Acronym for Patient-Focused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

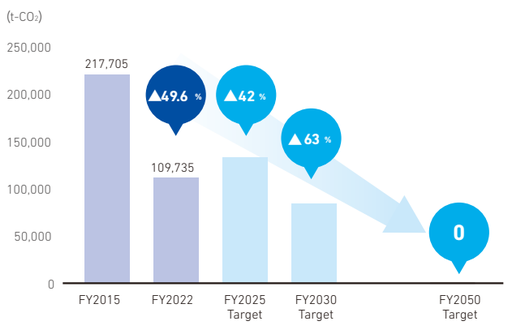
To achieve these targets, we switched the electricity used at our head office building and all of our plants and research centers in Japan to electricity from renewable energy sources in FY2022. As a result, we achieved a 49.6% reduction in global CO_2 emissions (Scope 1 + Scope 2) against our FY2025 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.

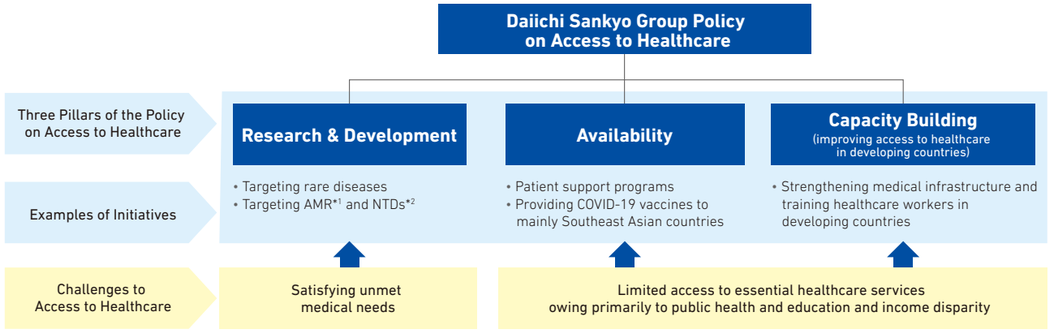
Declaration of Partnership Building

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.

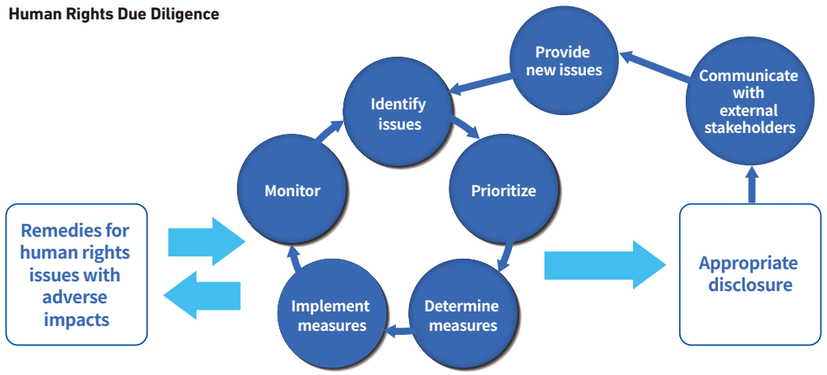
Human Rights Due Diligence

◉ 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.

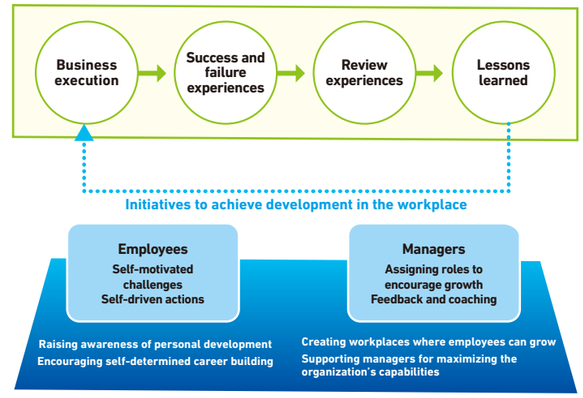
Our Approach to Human Resource Recruitment & Development

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.

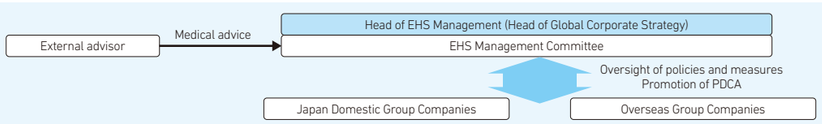
Promoting Occupational Health and Safety

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.

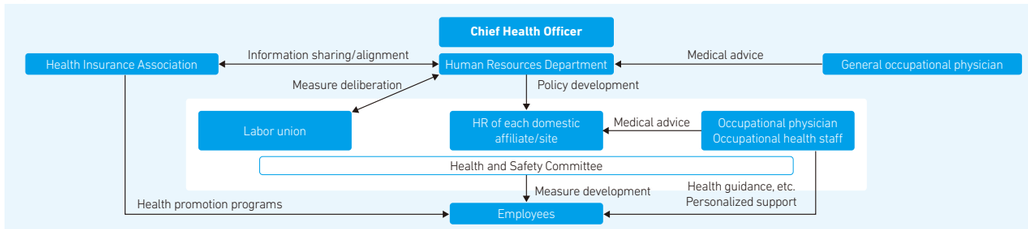
◉ The EHS management promotion structure

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)

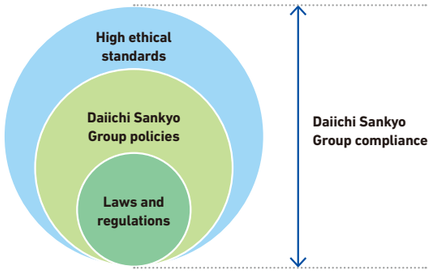
Compliance

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

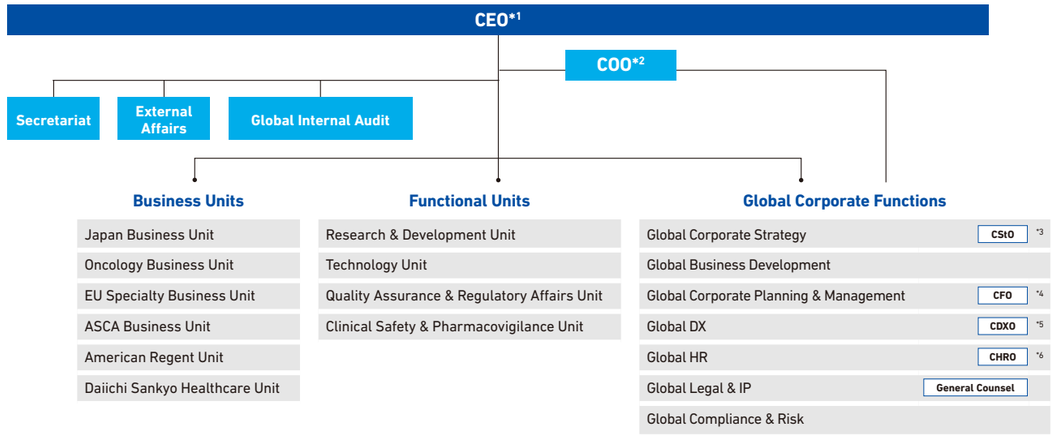
Starting from FY2023, we made some changes to our global management structure: we established the Technology Unit comprising the Biologics, Pharmaceutical Technology, and Supply Chain functions and we reorganized our corporate units into seven global corporate functions. In order to provide better treatment 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

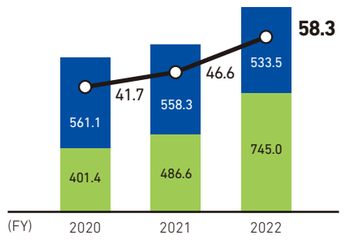
Functional Units

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.

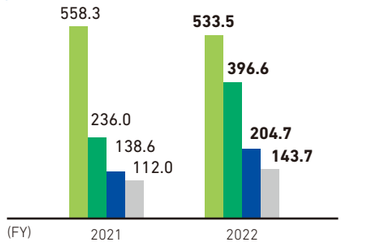
Financial and Non-Financial Highlights

Changes in financial data

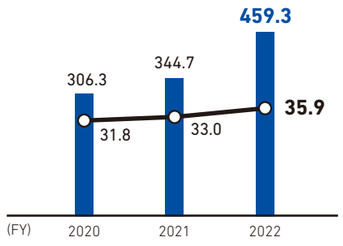
Ratio of outside Japan revenue to consolidated revenue (%)



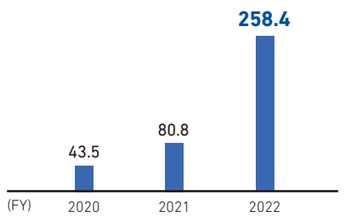
Revenue by segment (Billions of JPY)



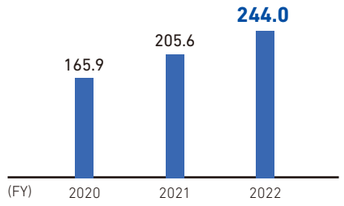
Core operating profit before R&D expenses*1 (Billions of JPY)/percentage (%)



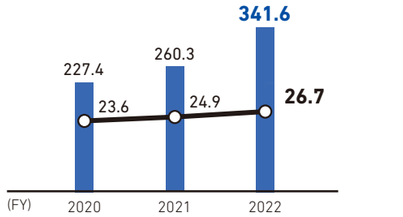
Global revenue (Billions of JPY)*2 *Enhertu*®



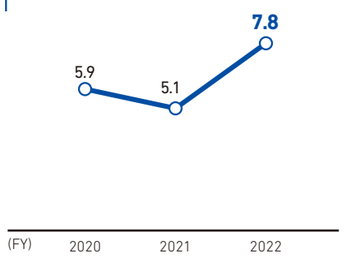
Global revenue (Billions of JPY) *Edoxaban*



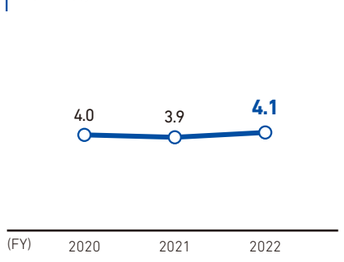
R&D expenses*3 (Billions of JPY) Ratio of R&D expenses to revenue (%)



ROE (%)



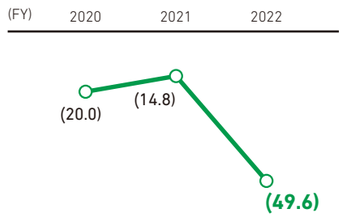
DOE*4 (%)



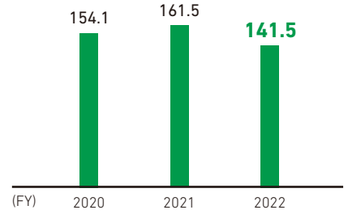
*1 Operating profit excluding temporary income and expenses (income and expenses related to sales of fixed assets etc.)
*2 Revenue including upfront payment, regulatory /sales milestone payment, etc.
*3 R&D expenses: Expenses excluding temporary income/expenses
*4 Dividend on Equity = Total dividend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

Changes in environmental data

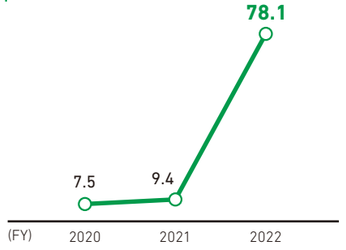
CO_2 emissions (Scope 1 + Scope 2) reduction rate*5 (%)



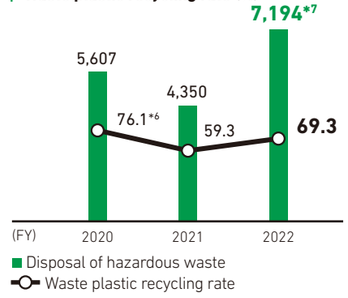
CO_2 emissions (Scope 3, Cat.1) intensity based on sales (t-CO_2/ ¥100 million)



Renewable electricity utilization rate (%)

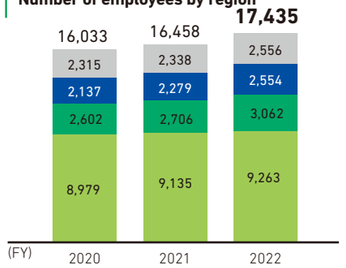


Disposal of hazardous waste (t) Waste plastic recycling rate (%)

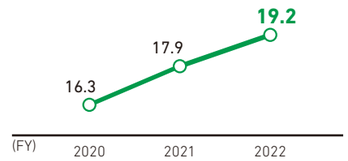


Changes in social data

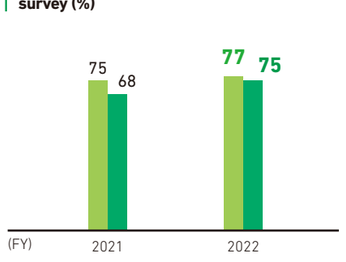
Number of employees by region



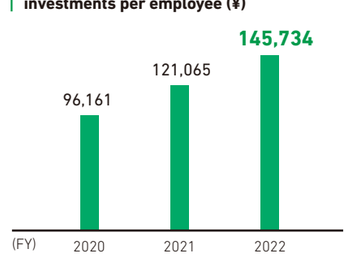
Percentage of female in senior managerial employees (global) (%)



Positive response rate on engagement survey (%)

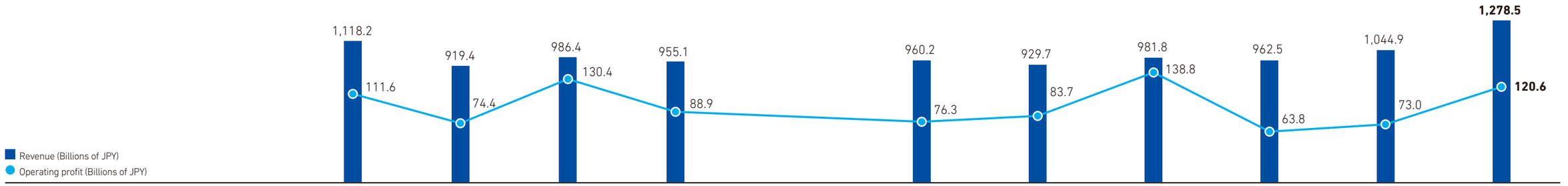


Amount of training/development investments per employee (¥)



*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)

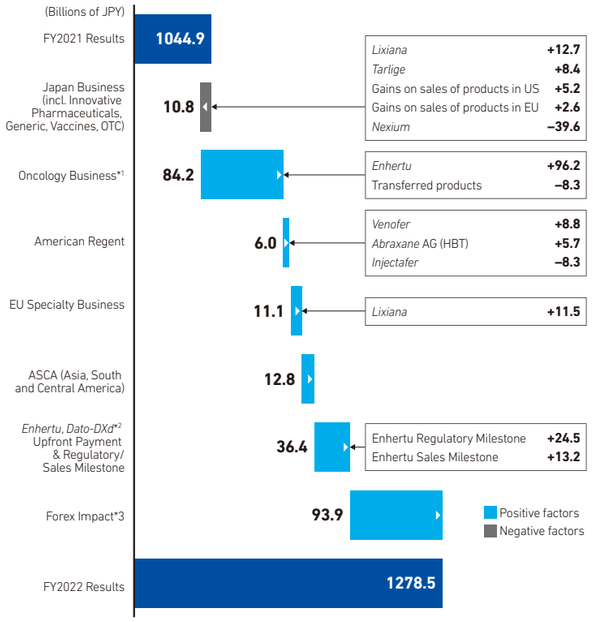
	FY2021 results	FY2022 results	YoY
USD/JPY	112.38	**135.48**	**+23.10**
EUR/JPY	130.56	**140.97**	**+10.41**

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.

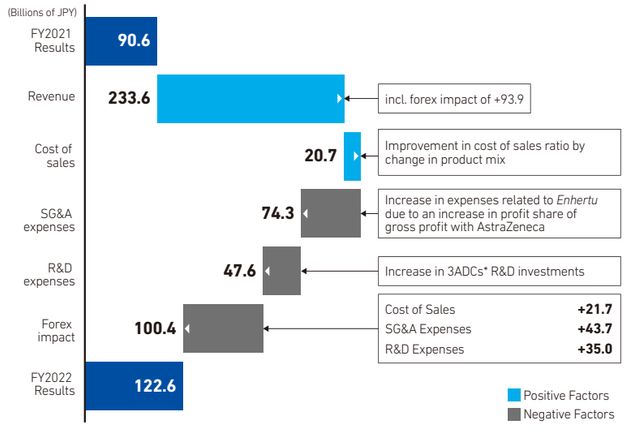
Enhertu also saw a sales milestone in that we recorded a result of US$100 million (¥13.2 billion) due to the achievement of single-year product sales of US$1.0 billion in regions where we engaged in co-promotion with AstraZeneca.

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.

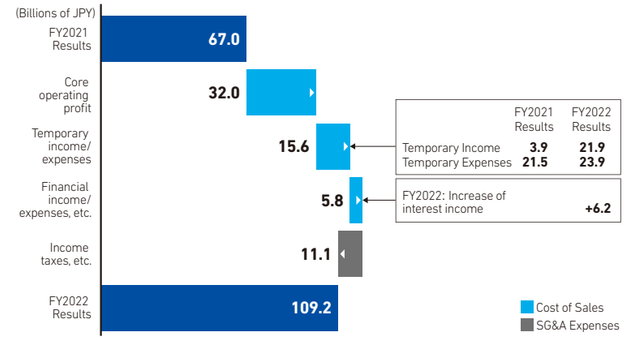
R&D expenses increased by ¥47.6 billion due to increased investment in 3ADCs research and development.

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

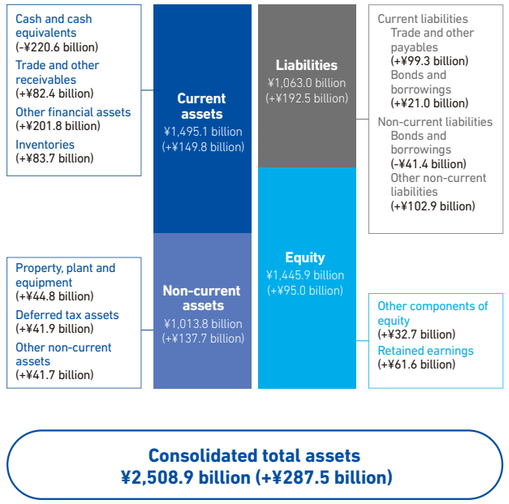
Total liabilities as of the fiscal year-end were ¥1,063.0 billion, an increase of ¥192.5 billion from the previous fiscal year-end, mainly due to increases in trade and other payables and other non-current liabilities, which were partially offset by a decrease in bonds and borrowings (non-current liabilities).

◉ 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

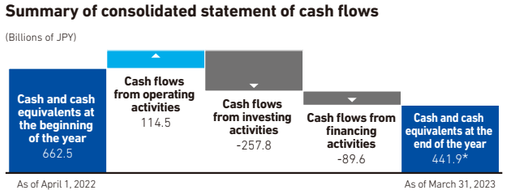
Net cash outflows from financing activities totaled ¥89.6 billion (previous year: ¥86.2 billion outflow), which reflected spending on dividend payments and repayments of borrowings.

(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



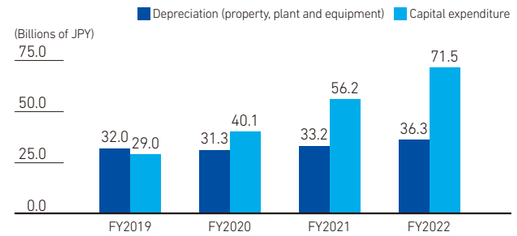
* Incl. effect of exchange rate (¥12.3 billion)

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

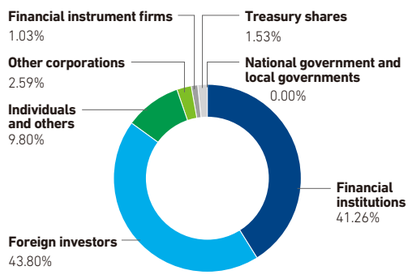
Mailing address and telephone number
Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division
Shin-TOKYO Post Office post office box No.29, 137-8081, Japan
Tel: 0120-232-711 (toll free within Japan)

Major Shareholders (As of March 31, 2023)

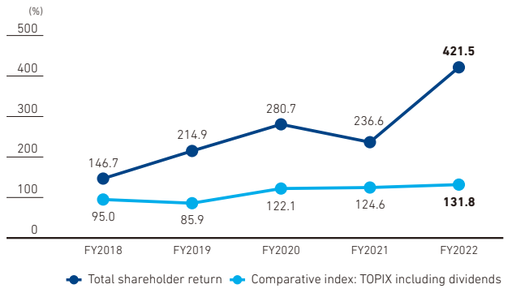
Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	337,410	17.60
Custody Bank of Japan, Ltd. (trust account)	169,629	8.85
JP MORGAN CHASE BANK 385632	129,660	6.76
Nippon Life Insurance Company	85,863	4.48
STATE STREET BANK AND TRUST COMPANY 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.

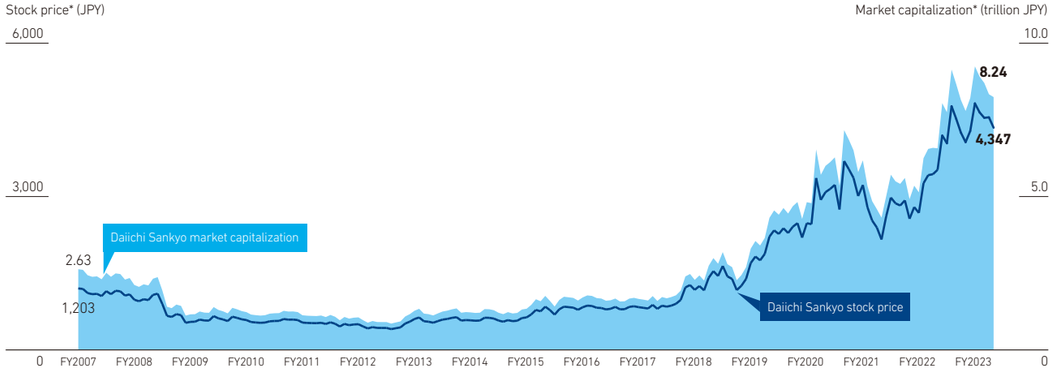
Distribution of Shareholders (As of March 31, 2023)



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.

External Evaluations
(as of September 30, 2023)

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

2023
Sompo Sustainability Index

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

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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.

CDP
A LIST
2022
CLIMATE

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

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2023
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3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan
Sustainability Promotion Department

Contact
https://www.daiichisankyo.com/contact/form/index.php

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