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 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

Notes on publishing the Value Report 2023

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

Sustainable corporate value enhancement

- Improving ROE
- Reducing the capital cost
- DCE* exceeding the cost of equity

Value creation model that utilizes innovative structure based on pharmaceuticals + P17, 19

- Shifting to a profit model of business in line with social requirements
- Promoting a business strategy in line with social requirements
- Avoiding/reducing ESG risks

- Further enhancing shareholder returns
- Increasing dividends according to profit growth
- Flexible acquisition of own shares

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

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.

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 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.

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The Daiichi Sankyo Group’s Mission

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

Mission
Create innovative pharmaceuticals addressing diverse medical needs

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
History of the Daiichi Sankyo Group

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.”

History as a Partner to Patients for over 100 years

1899
- Launched "Taka-Diastase®, a digestive enzyme agent" in Japan

1902
- Began the domestic manufacturing of "Risotofar®, an antihypertensive agent"

1910
- Launched "Curene® Sulfate, a sulfonamide drug" in Japan, establishing a foundation for the theory of vitamins

1915
- Other generic manufacturers started manufacturing "Taka-Diastase®" in Japan

1922
- Launched "Beranil®, an anticoagulant" and "Risotofar®, an antihypertensive agent" in Japan

1925
- Launched "Butabarbital®

1929
- Launched "Tranpress®, an analgesic" in Japan

1939
- Launched "Nirot®, an antimicrobial agent" in Europe

1940
- Launched "Nystatin®, an antifungal agent"

1941
- Launched "Chloromycetin®, an antimicrobial agent" and "Effenter®, an antiplatelet agent"

1942
- Launched "Atrial®, a broad-spectrum oral antibiotic" in Japan

1943
- Launched "Nitrofurantoin®, a broad-spectrum oral antibiotic"

1945
- Launched "Stridium®, a broad-spectrum oral antibiotic" in Japan

1947
- Launched "Kaptopril®, an antihypertensive agent" in Japan

1948
- Launched "Commeril®, an analgesic" in Japan

1951
- Launched "Dibrom®, an analgesic" and "Prober®, an anesthetic agent"

1954
- Launched "Fenbid®, an anti-influenza treatment" in Japan

1955
- Launched "Polysporin®®, an antimicrobial agent" in Japan

1956
- Launched "Bosmin®, a vasoconstriction/hemostasis agent" in Japan

1959
- Launched "Mixme®, a broad-spectrum oral antimicrobial agent"

1960
- Launched "Transamin®, an antiplatelet agent" in Japan

1965
- Launched "Adrenalin®, an adrenal cortex hormone agent" in Japan

1970
- Launched "Olmesartan®, an antihypertensive agent" in Japan

1973
- Launched "Fukuren®, an antidiabetic agent" in Japan

1976
- Launched "Gesic®, an antihistamine agent" in Japan

1977
- Launched "Ipratropium®, an anticholinergic agent" in Japan

1979
- Launched "Tarivid®, an antiplatelet agent" in Japan

1980
- Launched "Loxonin®, an anti-inflammatory agent" in Japan

1982
- Launched "Mevalotin®, a broad-spectrum oral anticoagulant" in Japan

1985
- Launched "Lotensin®, an antihypertensive agent" in Japan

1986
- Launched "Tarivid®, a broad-spectrum oral antimicrobial agent" in Japan

1989
- Launched "Transamin®, a broad-spectrum oral antimicrobial agent" in Japan

1990
- Launched "Tarivid®, an oral antimicrobial agent" in Japan

1993
- Launched "Lizier®, an antihypertensive agent" in Japan

1995
- Launched "Thrombocid®, an anticoagulant" in Japan

1997
- Launched "Inavir®, an antihypertensive agent" in Japan

1998
- Launched "Tarivid®, an anticoagulant" in Japan

1999
- Launched "Simoxy®, a broad-spectrum oral antibiotic" in Japan

2001
- Launched "Tarivid®, an analgesic" in Japan

2002
- Launched "Tarivid®, an antiplatelet agent" in Japan

2003
- Launched "Lixiana®, an anticoagulant" in Japan

2005
- Launched "Tarivid®, a broad-spectrum oral antimicrobial agent" in Japan

2006
- Launched "Tarivid®, an anticoagulant" in Japan

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2020
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2021
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2022
- Launched "Tarivid®, an anticoagulant" in Japan

2023
- Launched "Tarivid®, an anticoagulant" in Japan

Transition of unmet medical needs throughout time

<table>
<thead>
<tr>
<th>Year</th>
<th>Condition</th>
<th>Treatment</th>
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</thead>
<tbody>
<tr>
<td>1899</td>
<td>Tuberculosis and pneumonia</td>
<td>Taka-Diastase®</td>
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<tr>
<td>1902</td>
<td>Cancer</td>
<td>Curene® Sulfate</td>
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<tr>
<td>1910</td>
<td>Tuberculosis and pneumonia</td>
<td>Taka-Diastase®</td>
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<tr>
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<td>Influenza</td>
<td>Chloromycetin®</td>
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<td>1945</td>
<td>Hypertension</td>
<td>Adrenalin®</td>
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<td>1973</td>
<td>Hypertension</td>
<td>Kaptopril®</td>
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History as a Partner to Patients for over 100 years

Steps of our 5-year business plan

1999
- Launched "Taka-Diastase®, a digestive enzyme agent in Japan"

1902
- Began the domestic manufacturing of "Risotofar®, an antihypertensive agent"

1910
- Launched "Curene® Sulfate, a sulfonamide drug" in Japan, establishing a foundation for the theory of vitamins

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1925
- Launched "Butabarbital®

2009
- Launched "Effenter®, an antiplatelet agent"

2010
- Launched "havev®, anti-influenza treatment"

2011
- Launched "Lixiana®, an anticoagulant"

2019
- Launched "Tartige", pain treatment

2020
- Launched "Entertu®, an anti-cancer agent (HER2 directed antibody drug conjugate)"

2023
- Launched "Enhertu®, an anti-cancer agent" in Japan

2024
- Launched "Enhertu®, an anti-cancer agent" in Europe

2025
- Launched "Enhertu®, an anti-cancer agent" in Japan

2030
- Launched "Enhertu®, an anti-cancer agent" in Japan

2030 Vision

Become a “Global Pharma Innovator with a competitive advantage in oncology,” and shift to further growth toward our 2030 Vision

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
At a Glance

Becoming an Innovative Global Healthcare Company with Strengths in

Human Resources
- Diverse range of talents with high levels of expertise
- Scientific assessment capabilities
- Technologies originated from craftsmanship
- High levels of engagement
- Desire for innovation

Corporate Culture
- A corporate culture in which employees respect each other as specialists in science, and exchange opinions in a free and open-minded manner, regardless of positions and tenure
- A culture that promotes the transmission of experience and technologies for creating medicines
- Penetration of Core Behavior with the aim of fostering One DS Culture

Core Technologies
- Proprietary ADC technology platform
- Protein engineering, medicinal chemistry
- Pharmacological efficacy, translational research, and research & IT infrastructure to support the above

Driving Force for Value Creation
Science & Technology

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

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

Major Products Worldwide

- Anti-cancer agent Enhertu®
  - 258.4 billion yen
  - Japan: 117.1 billion yen
  - Asia and Central and South America: 131.3 billion yen

- Anticoagulant Edoxaban
  - 264.0 billion yen
  - Europe: 135.0 billion yen
  - Japan: 129.0 billion yen

Number of employees by region

- Japan: 9,263
- North America: 3,062
- Europe: 2,554
- Asia and Central and South America: 2,556
- Non-Financial Highlight (FY2022 results)
  - Number of global employees: 17,435

Non-Financial Highlight (FY2022 results)

Contribution to patients
- Number of countries and regions where Enhertu has been launched: 35 countries and regions
- Number of patients (Company estimate): approximately 22,000 patients
- Number of indications: 6 indications

Social
- Percentage of positive engagement survey responses*
  - 77%
- Percentage of senior management employees who are female:
  - 21.1%
- FY2025 Target 30%

Environment
- CO₂ 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

* Scope 1+Scope 2

As of the end of March 2023

DAIICHI SANKYO GROUP VALUE REPORT 2023
CEO Interview

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.

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 “Contributing 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-centric 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

Sunao Manabe
Representative Director, Executive Chairperson and CEO
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.

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 through 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-Oxl and HER2-DXK 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 Cisalna® 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 OS-7330 (anti-BT-H3 ADC) and OS-4000 (anti-CDH4 ADC), which are the next growth driver candidates following 3ADCs, as well as in selecting post 3DX-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 Eisai’s 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
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.

For more information on progress on the 5-year business plan, please refer to P35

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.

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

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.
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 our 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 from Enhertu to invest in R&D and capital investment for new ADCs to achieve exponential growth.

Profit 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 anti-angiogenic Liviana® and the pain treatment Tarlige®. We will ensure further profit growth in these existing businesses and products. In particular, the product value of Liviana 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 Xalomet®/Nustendi® is available in Europe, increasing sales of our iron injection business in the US, and growing our business in China and other AUCA countries and regions, while also continuing to enhance transformation into a profit structure focused on patented drugs that are advancing steadily.

Please tell us about the profit growth strategy for current business and products.

Profit for current business and products
- Enhance financial and supply capacity flexibility depending on changes in world product potential
- Exploit work force and supply capacity flexibly... (provisional)
- Maximize Enhertu and Dato-DXd through strategic alliance with AstraZeneca
- Maximize HER3-Dxd without a partner

Please tell us about the significant applications of the group's drug development initiatives.

Please tell us about the significant applications of the group's drug development initiatives.

Identity 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 medical needs and unmet medical needs. With the progress in the development of DS-2300 (anti-RTK-ADC) and DS-6010 (anti-CD44 ADC), which are Dxa-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 Dixa-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, stakeholders 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.
Create Shared Value with our Stakeholders to Realize Sustainable Value Creation

**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 3ACs
- 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

**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**

**Sustainable enhancement of corporate value through the value creation cycle**

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 in 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.
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.

Human Capital

Integration of management strategy and human capital expansion measures

The elements of human capital as follows:

- **Expansion of talent to enable execution of management strategy**
  - Vision: Innovative Global Healthcare Company Contributing to the Sustainable Development of Society
  - Management strategy: Further growth and development from oncology business expansion and globalization
  - Talent required for oncology business expansion and globalization
    - Global talent with specialized knowledge of group-wide operations, markets in each region/country, and regulatory requirements (at any site worldwide).
    - Specialized professionals to ensure an R&D pipeline and bring products to market (S&T/biopharmaceutical)
    - DX professionals who can generate innovation and efficiency throughout our value chain

- **Power of individual (developing individual strengths)**
  - Highly specialized expertise and technological capabilities
  - High level of engagement
  - Self-directed actions (implementing Core Behavior)
  - Power in numbers (continuous supply of human resources to area of strength)
  - Power of synergy (structures, systems, and measures to create synergies among people and organizations)

- **HR portfolio structured flexibly according to management strategy**
  - Pipeline that continually produces the talent required

- **Culture (including inclusion and diversity, I&D) that accelerates innovation**
  - Organizational structures adapted to business needs

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.

Integration of mid-term strategy and Materiality

Value chain

Business activities

- Creation of value through business
- Financial value (current)
- Non-financial capital (future financial or pre-financial)

Corporate value

Financial value (current)
- Expansion of sales revenue
- Generate profits
- Enhancement of invested capital efficiency
- Reduction of capital costs

Non-financial capital (future financial or pre-financial)
- Human capital (outcome)
- Intellectual capital
- Reinforcing other capitals by strengthening human capital

Social value

Innovation in standards of cure, Creating innovative pharmaceuticals to prevent and treat diseases
- Social and natural capital
- Manufactured capital
- ARS global production system, stable supply
- Manufacturing the trust of society

Strengthening of human capital

- Human capital (outcome)
  - Supporting the creation of an innovative and sustainable workplace
- Intellectual capital
  - Development of S&T personnel
- Manufactured capital
  - Expansion of talents to enable management strategy execution
  - Formulating an occupational health and safety strategy and implementing measurements
  - Developing learning environments
  - Hiring and developing specialized professionals (non-S&T)
  - Global talent with specialized knowledge of group-wide operations

Strengthening of human capital

- Manufactured capital
  - Pipeline that continually produces the talent required
- Human capital (outcome)
  - Further boosting S&T, creation of R&D pipeline
  - Specialized professionals to support S&T
  - DX professionals who can generate innovation and efficiency throughout our value chain
- Intellectual capital
  - Development of S&T personnel
- Manufactured capital
  - Expansion of sales revenue
  - Generate profits
  - Enhancement of invested capital efficiency
  - Reduction of capital costs
- Social and natural capital
  - Social and natural capital
  - Manufactured capital
  - ARS global production system, stable supply
  - Manufacturing the trust of society

Social value

Innovation in standards of cure, Creating innovative pharmaceuticals to prevent and treat diseases
- Social and natural capital
- Manufactured capital
- ARS global production system, stable supply
- Manufacturing the trust of society

Outcome

- Enhancing a culture of improving and developing highly specialized professionals to support S&T
- Creating an innovative and sustainable workplace
- Fostering an environment in which employees can work energetically and productively
- Strengthening of the trust of society

Further boosting S&T talents
- Vision: Innovative Global Healthcare Company Contributing to the Sustainable Development of Society
- Management strategy: Further growth and development from oncology business expansion and globalization
- Talent required for oncology business expansion and globalization
  - Global talent with specialized knowledge of group-wide operations, markets in each region/country, and regulatory requirements (at any site worldwide).
  - Specialized professionals to ensure an R&D pipeline and bring products to market (S&T/biopharmaceutical)
  - DX professionals who can generate innovation and efficiency throughout our value chain

- **Power of individual**
  - HR portfolio structured flexibly according to management strategy
  - Pipeline that continually produces the talent required

- **Power in numbers**
  - Highly specialized expertise and technological capabilities
  - High level of engagement
  - Self-directed actions (implementing Core Behavior)
  - Power in numbers (continuous supply of human resources to area of strength)
  - Power of synergy (structures, systems, and measures to create synergies among people and organizations)

- **Culture (including inclusion and diversity, I&D) that accelerates innovation**
  - Organizational structures adapted to business needs

*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.*
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

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

### CHALLENGE 02
Contributing to society by realizing Healthcare as a Service (HaaS)

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

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 for further growth beyond 2030: strategy and action plans

The Daiichi Sankyo Group will maximize and expand its strengths and sources of innovation—Science & Technology—to realize its 2030 Vision to become a global top 10 oncology company. By maximizing our five DXd-ADCs (DSX-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 DXd-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.

Effective treatments for patients who are post-DXd-ADCs including novel assets and next-generation/new-concept ADCs, and novel combinations.

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 company. By maximizing the five DXd-ADCs, we will be able to improve patients’ lives around the world, the R&D model will enable us to achieve sustainable growth for the Daiichi Sankyo Group that is both scalable for global expansion and agile enough to respond to environmental challenges.

Strategy and action plans (Figure 1)

- Pursue the R&D strategy through steady progress of the “5DXd-ADCs and Next Wave,” by maximizing the value of our five lead DXd-ADCs, establishing the next pillars of the oncology pipeline, and through identification and development of candidates for specialty medicine and vaccines.
- To contribute to the benefit of cancer patients through our Science & Technology, we are employing an Expand and Extend strategy to maximize the value of our five lead DXd-ADCs and other oncology drugs in our pipeline (Figure 2). Through the Expand strategy, we aim to 1) establish DXd-ADC therapies in breast and lung cancers, 2) expand to patients in earlier lines of therapy, and 3) expand into other 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 Enheru® and other drugs from our pipeline, 2) we seek to create new modalities/solutions that patients can use with confidence.

CHALLENGE 02
Contributing to society by realizing HaaS

The value that Daiichi Sankyo provides to society through HaaS

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

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

HaaS strategy to provide services and solutions across the Life Journey

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

For more information on the Daiichi Sankyo Group, please visit here.

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

Strengthening the foundation of the global organization

Our Oncology Business Unit (OBU) was designed knowing we will have the hurdles and incredible opportunity to be the primary driver of global growth for the Group over the next decade and beyond. Our structure and culture eliminate silos, builds confidence, and create trust, allowing us to anticipate and respond quickly to stakeholder needs. It is our obligation to move swiftly because cancer will not wait. We internalize feedback and insights from patients and the entire community. Learning from each launch will also inform our future initiatives. We deliver the data evidence, and support the structure 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 Vonjoyt2® as a first-line treatment in Japan and in the US for patients diagnosed with FLX-T-ITD Positive AML. Finally, we will continue to refine our structure and build expertise for product 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 to lead of newly formed global functions, overseeing the entire Group’s activities from a management perspective.

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

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.

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- ledge 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.

Survey Participation: 89%

VOICE

Miyuki Arai
Audit & Supervisory Board Member
Miyuki Arai

Among the global engagement survey items, we monitor “Learn from Mistakes” as a key performance indicator of our culture and engagement objectives. To support shared global talent development measurement, we are now offering multiple in-person and online learning opportunities to global employees, creating an environment that enables everyone to learn anytime and anywhere.

One DS Culture

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 talent with the ability to adapt and win in different cultures and with unique ways of thinking. It is also essential 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.
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 2023, our achievements since the establishment of the DX promotion organization were recognized when we were selected as the DX Stock 2023**, which is a list of companies on the Tokyo Stock Exchange that have established internal mechanisms to promote DX to enhance corporate value and have demonstrated outstanding achievements in using digital technologies.

* Selected through the annual evaluation conducted by DX Lab’100, a private organization, to recognize companies that are promoting DX and digital transformation effectively.

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 KPIs setting process (2015 to 2021)

1. Address key issues in CSR activity
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 offices. 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 of 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 CO2 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.

Reasons for Selecting Materiality

Creating Innovative Pharmaceuticals

Continuously creating innovative pharmaceutical products by leveraging our strengths (Science & Technology) to contribute to the enrichment of quality of life around the world is the foundation of our value creation. We will retain 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 achieving an advanced global pharmas industry 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 and structure 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 strive to expand access to healthcare by promoting the Daiichi Sankyo Group Policy on Access to Healthcare among our employees and by collaborating with stakeholders, including governments, payers, and alliance partners. In the mid-term, we will expand our oncology products globally by leveraging our collaboration with AstraZeneca. We will also contribute to solving social issues, such as COVID-19, by utilizing our business foundation and cooperating with external organizations.

Promoting Environmental Management

The impact of climate change and marine plastics pollution on sustainability is becoming increasingly apparent, and environmental issues are becoming a challenge that the world, including businesses, must work together to address.

In the mid-term, we will implement environmental measures throughout the value chain to reduce the environmental impact of our business activities and to achieve a sustainable society, in light of concerns about the stable supply of pharmaceutical products due to climate-related disasters.

Promoting Compliance Management

Since pharmaceutical companies handle products that affect human lives, we are required to meet a strict sense of legal compliance and high ethical standards. To be trusted by society and to realize our Purpose, we promote compliance management across the entire Group so that each and every employee can work with integrity in their daily activities.

In the mid-term, we will further strengthen the foundation of our global governance structure and compliance promotion activities to reduce compliance risks.

Corporate Governance Aimed at Fulfilling Our Mission

In an ever-changing external environment, a highly transparent and effective corporate governance system is essential to achieve the sustainable growth of a company and to enhance mid-to-long-term corporate value.

We will strive to continuously enhance our corporate value by establishing and operating a corporate governance system embedded with both management structure that can speedily and flexibly respond to changes in the business environment and make decisive decisions swiftly, and a supervisory function for management and execution.

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

We believe that our “people” are the most important “asset,” and we will promote the acquisition of a diverse range of talents and effective human resource management as a source of competitiveness as we develop our business globally.

In the mid-term, we will respect the diversity of each and every employee based on our HR Management Philosophy, and aim for mutual sustainable growth of our employees and the company by advancing and training human resources in each area of the value chain.
Create innovative pharmacological and biological products, aiming to create a new landscape in the pharmaceutical and medical science fields, and to significantly improve the quality of life for all people.

(1) Materiality

(1) Economic value creation

(2) Contribute to the enrichment of quality of life around the world

(3) Contribute to sustainability and social contribution

(4) Contribute to the enrichment of quality of life around the world

Material on Business Foundations

(1) Enhance corporate value by improving trust in our corporate brand and transparent disclosure of the risks of damage to corporate value

(2) Total value provided through our business operations, management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders

(3) Contribute to the enrichment of quality of life around the world

(4) Create a work environment where a diverse range of talents are highly engaged and can maximize their potential

(1) In FY2022, the corporate governance structure includes 6 voting members (the Chair of the Board, the President, the Director General, and the four Directors). Promoting the Development and a Diverse Range of People Who Create Our Competitive Advantage

(2) In FY2022, the corporate governance structure includes 6 voting members (the Chair of the Board, the President, the Director General, and the four Directors).

List of Materiality

Material on Business Operation

(1) Enhance corporate value by improving trust in our corporate brand and transparent disclosure of the risks of damage to corporate value

(2) Total value provided through our business operations, management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders

(3) Contribute to the enrichment of quality of life around the world

(4) Create a work environment where a diverse range of talents are highly engaged and can maximize their potential

(1) Enhance corporate value by improving trust in our corporate brand and transparent disclosure of the risks of damage to corporate value

(2) Total value provided through our business operations, management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders

(3) Contribute to the enrichment of quality of life around the world

(4) Create a work environment where a diverse range of talents are highly engaged and can maximize their potential

Performance on Business Foundation

(1) Enhance corporate value by improving trust in our corporate brand and transparent disclosure of the risks of damage to corporate value

(2) Total value provided through our business operations, management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders

(3) Contribute to the enrichment of quality of life around the world

(4) Create a work environment where a diverse range of talents are highly engaged and can maximize their potential

(1) Enhance corporate value by improving trust in our corporate brand and transparent disclosure of the risks of damage to corporate value

(2) Total value provided through our business operations, management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders

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(3) Contribute to the enrichment of quality of life around the world

(4) Create a work environment where a diverse range of talents are highly engaged and can maximize their potential

[1] Reprinted from the Daiichi Sankyo Group Value Report 2023, pages 1190.5x841.9
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 activities to maximize the value of Enhertu to achieve our goal of becoming a Global Pharma Innovator with a competitive advantage in oncology.

Maximizing the value of Enhertu

Achievements in FY2022

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 efforts 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 we are continuously monitoring this metric. Since FY2021, we have had 20 such projects.

Providing a stable supply of top-quality pharmaceutical products

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

We are making capital investments in our own plants to maximize the supply of the 3ADOs, 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 to meet the increasing demand for the 3ADOs. 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.
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.

**Maximize our 3 Lead ADCs**
- Enhertu/Dato-DXd and HER3-DXd, which are all based on our proprietary DXd-ADC technology
- 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 ¥900 billion in FY2025, well above the ¥650 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-Breast09 and DESTINY-Breast11 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. Trials to license 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

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

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

Strategic Pillar

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**Profit growth for current business and products**
- Maximize Lixiana’s profit
- Grow TarิกaLiance, incl. ecz. activity
- Transfers to profit structure focused on new drugs

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 February 2019. Furthermore, under a marketing alliance agreement with Eli Lilly Japan, we launched migraine medication Reyvow[1] in June 2022. We launched anti-cancer agent Ezxerm[2] 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 Flumir[3] 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 4** Diverse modalities

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

To promote ESG management from a long-term perspective, we are engaging in creating 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[1] 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 Omronom strain vaccines and supply mRNA vaccines for new variant strains in Japan.

1. Project aimed at developing a production system for biopharmaceuticals, including vaccines, in order to produce vaccines in sufficient quantities and advance clinical trials for the people of Japan in order to prevent the spread of extremely infectious diseases and to prevent healthcare declines.

For more information on creation of shared value with patients, society, and employees, please refer to P57
For more information on creation of shared value with stakeholders, please refer to P58
Creating Shared Value with Stakeholders

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).

**Message**

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 strength. We must understand and fulfill the expectations and needs of our diverse and valued stakeholders—patients, shareholders, investors, society, and employees. We ensure that the socioeconomic values 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-analysis, investigator-initiated clinical trials, and expanded access programs, with a vision to be fully incorporated into drug development and evaluation, has continued to work together with our stakeholders to build a sustainable society through constructive dialogue and further pursuing innovation and overcoming new challenges.

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 (Patient-Focused Drug Development)**

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 group, healthcare professionals with patient networks, and the Clinical Research Coordinators (CRC) Board.

Creating shared value with patients

**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 Takada 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.

**PFDD Framework**

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 patients are 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 group, healthcare professionals with patient networks, and the Clinical Research Coordinators (CRC) Board.

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, and Plain Language Summaries 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.

**Steps of the PFDD Framework**

1. **Feedback**
   - Reviewing from the patient’s perspective and determining whether direct patient input is required.

2. **Further input from patients**
   - Patient advocates with a patient group network

3. **Healthcare providers with a patient network**

4. **Facing face review**

**VOICE**

Although we have just gotten started, we will continue to build on our PFDD initiatives. All reviews of 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 trial-related materials. Going forward, we will make this PFDD approach a global standard through collaborations in Japan as well as overseas.

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


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*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 treatment and are referred to as investigator-initiated clinical trials.
*3 A committee composed of clinical research coordinators reviews patient materials, such as newly created clinical trial-related materials. Going forward, we will make this feedback a regular process.
*4 Providing letters to clinical trial participants thanking them for their participation and providing information on patients’ experiences and results to the participants, their families, and the general public using easy-to-understand language.
*5 Plain Language Summaries of clinical trial results. In addition, we will 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.
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 aim to create a sustainable society by further enhancing each other’s sustainability activities.

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.

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

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.

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.

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*6 Consumer participation recycling program (as of October 20, 2022, according to Terracycle Japan).
*7 The Thermo-Pack Package (PTP sheet) is a method of packaging drugs, in which a tablet or capsule is placed between plastic and aluminium.
Overview of Risk and Crisis 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 the 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.

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.

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.

Conceptual Diagram of the Group’s Risk Level Classification

Diagram of Risk Management System

Overview of Risk and Crisis Management

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<tr>
<th>Risk Management Under Normal Circumstances</th>
<th>Materialized Risks and Emergency Events</th>
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<td><strong>Risk Management</strong></td>
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<td>- Definition of “Risk”</td>
<td>- Definition of “Risk”: Factors that prevent the achievement of business goals</td>
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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 CIO/COO, 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 being conducted 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 continuous risk of cyber-attacks, 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 engaged 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 safety of personal management of 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 need to strengthen the 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 manufactur- ing and quality control of drug) and GDP (Good Distribution Practice; standards for ensuring quality in the transportation and storage of drugs), and are working to consistently guar- antee quality across the entire process from raw material procurement and storage to drug manufacturing and dis- tribution. We also conduct regular audits of group company offices and business partners to maintain and improve appropriate quality with regard to these 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 mini- mize patient safety risks by conducting annual training on safety management information for all employees to ensure thorough safety management.
I was appointed CFO in April 2021. 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 FY2020 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 profit of ¥258.4 billion in FY2022, and core operating profit ratio before R&D expenses of 41%, RDE of 16% or more, and DDE (dividend on equity ratio) of 8% or more in FY2025, which is the final fiscal year of the plan.

It is now available in 35 countries and regions, and revenue in FY2022 has grown to ¥258.4 billion. In addition, the DESTINY-Breast03 (DB-03) 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 anti-coagulant Lixiana, which saw product value improve with the addition of new dosage and administration, and its revenue grew to ¥24.3 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 Germany, Brazil, and the USA is contributing to strengthening the source of investments for sustainable growth shareholder returns. Moreover, in terms of transforming to profit structure focused on patented drugs, we launched new drugs such as prophylaxis of migraines at- tacks Emply® and anti-cancer agent Ehzarim® while making progress in product transfers following the loss of exclusivity in various countries and regions, such as for hypertension treat- ment Benicar® in the US and antiplatlet 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 steady progress in selecting post-DXd-ADC modalities, including clinical trial initiation for DS-960, 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 (DS1067). In August 2023, our origin strain monovalent mRNA vaccine against COVID-19, Daxibona® 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.

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

Message from the CFO
Koji Ogawa
Head of Global Corporate Planning and Management, CFO
**Message from the CFO**

**Profit Growth**
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 AstraZeneca2 driven by growth in Enhertu and Dafo-DKD product sales, as well as other 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.

**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 14% 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 ¥90 to ¥36 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 FY2021 Results and FY2022 Forecast, please refer to P89**
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 on 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 wide-ranging knowledge of corporate management, as well as an extensive background in healthcare, public health, drug safety, risk management, human resource management, and development. These capacities have been developed through a career as a medical scientist, with skills of MPH, MD, and PhD. Appointed as an Outside Director of the Company in June 2019. Appointed as the Chairperson of the Compensation Committee in June 2023.

Outside Director (Independent Director) Kazuaki Kama

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as an extensive background in healthcare, public health, drug safety, risk management, human resource management, and development. These capacities have been developed through a career as a medical scientist, with skills of MPH, MD, and PhD. Appointed as an Outside Director of the Company in June 2019. Appointed as the Chairperson of the Compensation Committee in June 2023.

Outside Director (Independent Director) Sawako Nohara

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as an extensive background in healthcare, public health, drug safety, risk management, human resource management, and development. These capacities have been developed through a career as a medical scientist, with skills of MPH, MD, and PhD. Appointed as an Outside Director of the Company in June 2019. Appointed as the Chairperson of the Compensation Committee in June 2023.

Outside Director (Independent Director) Takaaki Nishii

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as an extensive background in healthcare, public health, drug safety, risk management, human resource management, and development. These capacities have been developed through a career as a medical scientist, with skills of MPH, MD, and PhD. Appointed as an Outside Director of the Company in June 2019. Appointed as the Chairperson of the Compensation 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 of 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.

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 in my opinions in light of the above the 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.

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.

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

Nohara

I have used my experience of corporate governance at drug companies to help foster genuine discussions 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.

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 CX 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 globalization operations and execution.

Komatsu

Daiichi Sankyo’s Core Values include creating new systems and inventions that make a great difference in society and people’s lives. To get the results 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.

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
Round-table Discussion with Outside Directors

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 of these areas do you think is most important for the Company to focus on in the coming year?

Outside Director Nohara

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 Kama

As the pharmaceutical business is a highly regulated business, 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.

Outside Director Komatsu

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

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 Marube reported on targets for the year, as well as interim and year-end performance assessments.

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 CoO 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 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 our 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 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: recruiting global HR programs, promoting personal 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 look forward to 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.
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.

Changes in the Corporate Governance Structure

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Corporate Governance

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 COD, successor plan of the CEO and the nomination of Director candidates, 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, the company has set up an Audit & Supervisory Board system, its members are comprised with five Audit & Supervisory Board Members, three of which 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 CoO, 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

<table>
<thead>
<tr>
<th>General Meeting of Shareholders</th>
<th>Report</th>
<th>Appointment / Dismissal</th>
<th>Report</th>
<th>Appointment / Dismissal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee</td>
<td>Chairman</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>Chairman</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Chairman</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>Chairman</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Management Executive Meeting</td>
<td>Chairman</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Outside Directors (Independent Director)</td>
<td>Chairperson</td>
<td>Outside Director</td>
<td>Chairman</td>
<td>Outside Director</td>
</tr>
</tbody>
</table>

Message from the Chairperson of the Board

The effectiveness of the Board of Directors of Daiichi Sankyo has been recognized by 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 and 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.

53 DAICHI SANKYO GROUP VALUE REPORT 2023

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53 DAICHI SANKYO GROUP VALUE REPORT 2023
Corporate Governance

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 continuity 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 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.

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, 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.

Message from the Chairperson of the Nomination Committee

I believe that what is required of the Nomination Committee is a deep understanding of the management of Daiichi Sankyo, 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 Osawa, in which important management strategies are promoted by CEO 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 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 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.

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

Corporation

Skill Matrix
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**
  Compenations 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 account-able 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 pharma-ceutical 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 medi-um-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 man-agement 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 share-based compensation and 15% as medi-um-term performance-based share compensation when achiev-ing 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 compen-sation according to the ratio of composition of compensation of Representative Director, President and CEO. Compensation to Outside Directors is only basic, fixed compensation.

- **Basic compensation**
  Basic compensation to Directors shall be paid on one regular day of each month during their tenures, 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 mech-anism of annual performance-based bonuses are as follows.

  1. Calculation formula for annual performance-based bonuses

  \[
  \text{Bonus payment amount} = \text{Standard amount by position} \times \frac{\text{Achievement of annual targets (revenue + core operating profit ratio + profit attributable to owners of the Company)}}{\text{Performance evaluation}}
  \]

  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 the performance evaluation 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.

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

**Ratio of the Composition of Compensations**

<table>
<thead>
<tr>
<th>Position</th>
<th>Basic compensation (fixed)</th>
<th>Annual performance-based compensation</th>
<th>Restricted share-based compensation</th>
<th>Medium-term performance-based compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Directors</td>
<td>40%</td>
<td>30%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Outside Director</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

- (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

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.

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

### Enhancing the Effectiveness and Functions of the Board of Directors

#### Major Initiatives in FY2023

- **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.

- **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.

- **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 FY2022, 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.
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 agenda this fiscal year, and approximately 120 minutes was devoted to a regular Audit & Supervisory Board meeting on average.

Details of Activities for FY2022

- Regular Meetings with Representatives of Directors: Held twice a year
- Regular Meetings with Chairperson of the Board: Held twice a year
- Meetings with Directors: Held once a year
- Attendance at important meetings: 
  - Corporate Ethics Committee and EHS Management Committee: Full-time
  - Membership of voluntary advisory committees: Full-time
  - Attendance of the Internal Audit Department at meetings between Audit & Supervisory Board Members and internal control of domestic Group companies, Presidents and Heads of Internal Audit Department of overseas Group companies, etc.: Full-time
- Personal of important documents: Personal of documentation that includes approval documents, materials and minutes of important meetings: Full-time
- Interviews with Audit & Supervisory Board Members: 
  - Interviews with Heads of Unit, Heads of Division, Vice Presidents (department): Full-time
  - Interviews with Research Laboratories: Full-time
- Advice and Requests at the Board Meetings: 
  - Confirmation of activity status as observer of Nomination Committee and Compensation Committee: Outside
- Cooperation with Outside Directors: 
  - Holding meetings to exchange views: Outside
  - Holding audit status report meetings by Audit & Supervisory Board Members of domestic Group companies: Full-time
- Meetings with Audit & Supervisory Board Members of domestic Group companies: Held three times a year
- Cooperation with the Internal Audit Department: 
  - Reporting internal audit plans, results and engaging in exchange of views: Full-time
  - Attendance of the Internal Audit Department at meetings between Audit & Supervisory Board Members and Accounting Auditors: Full-time
- Cooperation with the Accounting Auditors: 
  - Receiving briefings and reports from the Accounting Auditor on matters that include the audit plan, quarterly review results, results of internal control audit (ISO9001), and engaging in information-sharing and exchange of views on recent topics on a monthly basis: Full-time
  - Consultations about Key Audit Matters (KAM): Full-time

Activities of Audit & Supervisory Board Members

- Monthly execution status of duties by Audit & Supervisory Board Members, etc.
- Cooperation with the Accounting Auditors: Full-time
- Cooperation with Outside Directors: 
  - Acting as Part-Time Audit & Supervisory Board Members of the principal domestic Group companies, participation in the annual General Meeting: Full-time
  - 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
- Internal Audit Plans and Results: Full-time
- Evaluation of the effectiveness of Audit & Supervisory Board: Full-time
- Evaluation of the Accounting Auditors: Full-time
- Consent for the Proposal in General Shareholders Meeting: Full-time
- Auditors: Full-time
- Interviews by Audit & Supervisory Board Members: 
  - Monthly execution status of duties by Audit & Supervisory Board Members: Full-time
  - 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
  - Interviews with Research Laboratories: Full-time
- Advice and Requests at the Board Meetings: 
  - Confirmation of activity status as observer of Nomination Committee and Compensation Committee: Outside
- Cooperation with Outside Directors: 
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  - Consultations about Key Audit Matters (KAM): Full-time

Audit & Supervisory Board Evaluation for FY2022

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

- Specific Sharing and Considerations in Audit & Supervisory Board
- Implementation method of Audit & Supervisory Board evaluation
- Results of the evaluation of Audit and Supervisory Board

Message from Outside Audit & Supervisory Board Members

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?
3. To improve the transparency and fairness of corporate management, it is necessary to strengthen both corporate autonomy and self-regulatory functions, while always being mindful of external perspectives. In addition, by having an Outside Director serving as Chairperson of the Board since 2020, Outside Directors and Outside Audit & Supervisory Board Members participate very actively in the discussions of the Company, resulting in a high transparency corporate management system. Can you explain the contribution of Outside Directors and Outside Audit & Supervisory Board Members in the Company?
4. 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. As a member of the external board, you have made it possible for us to take active and constructive action. We would like you to share your experience on the approach to theExternal Board meetings.
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Introduction of Directors and Audit & Supervisory Board Members

**Directors**

**Sasae Matsui**
National Director
Chairperson of the Board

**Kazuya Kame**
Director of the Board
Chairperson of the Board

**Shigeki Hori**
Director of the Board
Chairperson of the Board

**Shosuke Nozawa**
Director of the Board
Chairperson of the Board

**Yasuhiro Komatsu**
Director of the Board
Chairperson of the Board

**Takatsuki Fukuoka**
Director of the Board
Chairperson of the Board

**Ryoji Sato**
Director of the Board
Chairperson of the Board

**Mitsuo Matsumoto**
Director of the Board
Chairperson of the Board

**Kazunori Komatsu**
Director of the Board
Chairperson of the Board

**Keisuke Atsumi**
Director of the Board
Chairperson of the Board

**Audit & Supervisory Board Members**

**Kenji Sato**
Supervisory Board Member

**Miyuki Araki**
Supervisory Board Member

**Members and Assignments**

**Career Summary, Positions, and Assignments**

2001  President of IPSe Marketing, Inc.

2002  Head Office, Office of Global Strategy Division

2003  Representative Director, president, Head Office, Office of Global Strategy Division

2004  Senior Executive Officer, Head Office of Global Strategy Division

2005  Outside Director, President of the Board/Director (Independent Director)

2006  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2007  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2008  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2009  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2010  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2011  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2012  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2013  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2014  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2015  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2016  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2017  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2018  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2019  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2020  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2021  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2022  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)

2023  Representative Director, president, Outside Director, President of the Board/Director (Independent Director)
Activity Report

67  Stakeholder Engagement
69  Sustainability Activities

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<th>Society</th>
<th>Governance</th>
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<td>73  Sustainable Procurement</td>
<td>83  Compliance</td>
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<td>74  Access to Healthcare</td>
<td>77  Human Rights</td>
<td></td>
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<tr>
<td>79  Safety of Pharmaceuticals</td>
<td></td>
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<td>80  Mutual Growth of Employees and the Company</td>
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85  Value Chain Activities
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89  10-Year Financial Summary
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107  Shareholders’ Information
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.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Purpose of Engagement</th>
<th>Engagement Method/Intensity</th>
<th>FY2022 Engagement Activities</th>
<th>Stakeholder Opinions and Ways of Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Patients and their Families</strong></td>
<td>Understand the daily lives, needs, and hopes of patients and their families, through appealing 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, including by supporting them on their faces by incorporating the results of this analysis into our initiatives.</td>
<td>• Engage in dialogue with patients and healthcare professionals through COMPASS*¹ activities (2-3 times/year)</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Healthcare Professionals</strong></td>
<td>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.</td>
<td>• Engage in medical representative activities through interactions with healthcare professionals (as appropriate) • Engage in Medical Affairs industry activities at generating and disseminating new evidence (as appropriate)</td>
<td>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.</td>
<td>Disclosed and considered establishing clinical trial designs and conducting clinical trials from the patients’ 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.</td>
</tr>
<tr>
<td><strong>Shakeholders and Investors</strong></td>
<td>Further enhance mutual understanding and growth by providing disclosures based on the Business Partnership Code of Conduct (BPCC) and promoting initiatives to build a framework that fosters mutual growth, including activity sharing to mid-long-term strategies, initiatives for sustainable growth, and more management information that will help shareholders and investors understand the company while reflecting their opinions in corporate management through constructive dialogues from a mid- to long-term perspective.</td>
<td>• Engaged in dialogue between the Management, IR Department and shareholders and investors through disclosure of patient feedback and corporate management strategy, R&amp;D, ESG, etc. (as appropriate)</td>
<td>Held IR briefings led by senior management and R&amp;D executives on R&amp;D data presented at major international conferences and exchanged opinions with shareholders and investors on the details and significance of the data.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Business Partners</strong></td>
<td>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 Partnership Code of Conduct (BPCC) and promoting initiatives to create a sustainable society that takes human rights and the environment into consideration.</td>
<td>• Engage in dialogue with business partners through the sustainable procurement survey and interviews based on the survey results (once every year) • Engage in partnerships with business partners through the sustainable procurement survey and interviews based on the survey results (once every year)</td>
<td>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.</td>
<td>Based on the opinion that some business partners were highly interested in sustainability but did not know how to facilitate it as a company, we created external training/education materials to support them. Planning to conduct training in FY2023.</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>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 information that will help employees grow.</td>
<td>• Foster corporate culture with all employees (as appropriate)</td>
<td>Established opportunities for discussions between labor and management to promote cross-cultural working conditions throughout the entire Group, as well as periodic exchange of information and opinions on management or union activities.</td>
<td>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 workshops organized with the labor union, and the hourly paid leave system was introduced in October 2022.</td>
</tr>
<tr>
<td><strong>Local Communities</strong></td>
<td>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.</td>
<td>• Conduct surveys of local government, local medical institutions, local residents, etc. through NGOs (as appropriate)</td>
<td>Conducted a survey in Kenya for NGOs and government agencies to understand medical needs and issues. Also conducted interviews with local government, medical institutions, and local residents.</td>
<td>Disclosed 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.</td>
</tr>
<tr>
<td><strong>Natural Environment</strong></td>
<td>Accurately grasp environmental conditions and social needs, reduce the environmental load, and address environmental issues throughout the value chain, including by conserving resources and recycling resources, and reduce mutual risks between our business and the natural environment.</td>
<td>• Engage in dialogue with civic groups and local communities (as appropriate) • Hold meetings with industry associations (4-5 times/year)</td>
<td>Engaged in dialogue with civic groups and local communities to contribute to local communities and their future as a good corporate citizen.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Governments, Administrations, Regulatory Authorities, and Taxpayers (Insurers)</strong></td>
<td>Contribute to ensure and expand access to drugs for patients around the world by providing access to drug therapies and healthcare services.</td>
<td>• Engage in advocacy, dialogue, and problem solving through industry associations (as appropriate) • Engage in advocacy, dialogue, and problem solving through industry associations (as appropriate)</td>
<td>Engaged in dialogue with the Ministry of Health, Labour and Welfare for the “Expert Panel on Comprehensive Measures to Achieve a Rapid and Stable Supply of Pharmaceuticals” established by the MPHJ (the Ministry of Health, Labour and Welfare) for the importation of essential drugs such as hormone medication in the FY2023 financial results.</td>
<td>Contributed to improving the supply of medicines and healthcare services to patients by working closely with the “Expert Panel on Comprehensive Measures to Achieve a Rapid and Stable Supply of Pharmaceuticals” established by the MPHJ (the Ministry of Health, Labour and Welfare).</td>
</tr>
</tbody>
</table>

*1 Activities aimed at realizing “Life with Smiles” 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. *2 Accounts for Patient-Focused Drug Development, as it is difficult to reflect the voices of patients in drug development.


Sustainability Activities

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 phenomena 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 across the value chain.

Progress on Key Materiality KPIs

We have set materiality targets for reduction of CO₂ emissions, renewable electricity utilization rate, waste plastic, and disposal of hazardous waste. Daiichi Sankyo’s CO₂ 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 CO₂ emissions by 42% in FY2025 and 63% in FY2030 compared to FY2015 emissions, leading to our CO₂ 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 CO₂ 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 CO₂ 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.

Contribution 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 decarbonization, “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 CO₂ 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.

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 collaborating with our suppliers.

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.

\(^*1\) Manufacturing processes in consideration of the sustainability of the global environment, including prevention of environmental pollution, and reduction of raw material and energy consumption

\(^*2\) Initiatives can be seen as a key management priority. In its Environmental Management Policy, our Group clearly states that it will conduct its business activities with consideration in biodiversity and ecosystem services.

\(^*3\) 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.

\(^*4\) Re100 is a goal that runs the full electricity system with 100% renewable energy or carbon neutral energy, including on- and off-site renewable energy sources.

\(^*5\) Buildings with net energy consumption reduced by 75% or more that are nearly a Net Zero Energy Building.

\(^*6\) Building-Housing Energy-efficiency Labeling System

\(^*7\) An environmental non-profit organization that runs the world’s leading disclosure system for companies, cities, states, and regions

\(^*8\) A platform that runs the world’s leading disclosure system for companies, cities, states, and regions

https://www.daiichisankyo.com/sustainability/the_environment/risks/
TCFD Disclosures

The Daiichi Sankyo Group has been disclosing information in line with the TCFD® 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.

Governing body

We established the EHS Management Committee in an effort to protect the environment and ensure the health and safety of employees and to promote and implement responsible practices in an integrated manner. The committee is charged by the Chief Executive Officer of EHS Management and comprises 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 Scopes 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-related disasters, to prevent any significant risk concerns from reaching the Board of Directors and integrated into our overall risk management. In addition, the committee decides and decides on mid-term and short-term targets and implementation plans for our transition toward carbon neutrality over the long term.

Scenario analysis

Our cross-departmental task team, which we formed in FY2021, considered risks and opportunities for our business beyond 2030. The team used 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 further reinforced or governance and business strategy with respect to climate change, 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.

Risks and opportunities related to decarbonization

In FY2022, the committee discussed setting new Scopes 3 targets, the use of renewable energy, and internal carbon pricing.

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.

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.

For more information on FY2022 results, please refer to P31

**Indicators and Targets**

<table>
<thead>
<tr>
<th>Emissions (Scope 1 + Scope 2)</th>
<th>2025 target: 42% reduction compared to FY2015</th>
<th>2030 target: 63% reduction compared to FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (Scope, Cat. 1)</td>
<td>2025 target: 15% reduction in CO2 emissions intensity based on sales compared to FY2020</td>
<td></td>
</tr>
<tr>
<td>Business partner engagement (Scope3, Cat.1)</td>
<td>2025 target: Have more than 70% of business partners set targets based on the 1.5°C scenario</td>
<td></td>
</tr>
<tr>
<td>Renewable energy utilization rate</td>
<td>2025 target: 65% or more</td>
<td>2030 target: 100%</td>
</tr>
</tbody>
</table>

**Environmental Changes**

<table>
<thead>
<tr>
<th>Scopes and Baselines</th>
<th>Potential Impact on the Group</th>
<th>Impact</th>
<th>Actions for managing the Group’s resilience</th>
<th>Economic Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of carbon taxes</td>
<td>Assuring that the carbon tax rates range from 138 yen/ton CO2 as of 2020</td>
<td>Minor</td>
<td>The financial impact is limited and will further reinforce or governance and business strategy with respect to climate change.</td>
<td></td>
</tr>
<tr>
<td>Avoidance of the carbon tax burden</td>
<td>It will be an important to reduce emissions by procuring renewable energy as a countermeasure to the future introduction of carbon taxes and increase in fuel tax.</td>
<td>Minor</td>
<td>Avoid the annual carbon tax burden by approximately 1.5 to 3.2 billion yen as of 2030</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Risk management</td>
<td>Energy sources are mainly gas in Europe and renewable energy is already being purchased in some areas.</td>
<td>Minor</td>
<td>Reduce costs by promoting our measures, such as additional costs for renewable energy and energy-saving facilities are on a downward trend.</td>
<td>Opportunity</td>
</tr>
</tbody>
</table>

**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-related disasters, to prevent any significant risk concerns from reaching the Board of Directors and integrated into our overall risk management. In addition, the committee decides and decides on mid-term and short-term targets and implementation plans for our transition toward carbon neutrality over the long term.

**Scenario analysis**

Our cross-departmental task team, which we formed in FY2021, considered risks and opportunities for our business beyond 2030. The team used 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 further reinforced or governance and business strategy with respect to climate change, 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.

**Gearing up and regulations related to decarbonization**

Higher cost of introducing renewable energy facilities, such as carbon capture usage with fossil energy.

**Opportunity**

Work with business partners to reduce Scope 3 emissions, thereby avoiding the carbon tax burden and driving the risk of procurement costs.

**Greatest impact of decarbonization efforts are corporate reputation**

Enhanced corporate reputation.

**Opportunity**

Our decarbonization efforts are appreciated by ESG investors, which will lead to enhanced corporate value, including a higher stock price.

**Opportunity**

Minor

**Opportunity**

Medium

**Opportunity**

Minor

**Opportunity**

Medium
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 consider 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.

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.

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 sustainability 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 at 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 rigorous 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 Hitotsuka, Gidawa, Onahama, Tatabayashi, 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

Three Pillars of the Policy on Access to Healthcare

Challenges to Access to Healthcare

* Pharmaceutical Supply Chain Initiative

Exemplary Initiatives

* Antimicrobial Resistance
* Nontuberculosis Mycobacteria

Satisfying unmet medical needs

* Targeting rare diseases
* Targeting AMP* and NTDs*5

Patient support programs

* Providing COVID-19 vaccines to mainly Southeast Asian countries
* Strengthening medical infrastructure and training healthcare workers in developing countries

Limited access to essential healthcare services owing primarily to public health and education and income disparity

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 TNAPl inhibitor DS-1271, which targets pseudoxanthoma elasticum*. Also, DS-2325 (KLK5 inhibitor), which targets Netherton syndrome*, 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.

RASTI inhibitor DS-2325*6 (KLK5 inhibitor), which targets Netherton syndrome*, has been granted orphan drug and fast track designations by the FDA. Phase 1 clinical trials have commenced in the US.

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.

AMR initiatives

Bacterial AMP*7 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$30 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

Limited access to essential healthcare services owing primarily to public health and education and income disparity

AMR (Antimicrobial Resistance)
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.

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.

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.

- 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 produce domestically produced vaccines if there is an outbreak of an emerging/re-emerging infectious disease.

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* 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 in December 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.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project</th>
<th>NGO/NPO Partner</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>Mobile health services with mobile clinic vehicles</td>
<td>Plan International Japan</td>
<td>April 2019–March 2022</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Improving healthcare infrastructure for SRHR* and breast/cervical cancer</td>
<td>Plan International Japan</td>
<td>April 2021–March 2024</td>
</tr>
<tr>
<td>Honduras</td>
<td>Promoting breast/cervical cancer screening for preventive awareness</td>
<td>AMDA Multisectoral &amp; Integrated Development Services</td>
<td>December 2022–November 2025</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Adolescent sexual and reproductive health services for safeguarding maternal and child health</td>
<td>Save the Children Japan</td>
<td>January 2021–May 2025</td>
</tr>
</tbody>
</table>

* NCDs include cancer, cardiovascular diseases, chronic respiratory diseases, and diabetes.

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

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 wards 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.

- 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 malaria and Chagas disease, the latter considered to be one of the NTDs, and investigating anti-tuberculosis drug candidates from natural products.
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**

### 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\(^*\) 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.

- **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 (labor, 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 regarding the items in the table below.

<table>
<thead>
<tr>
<th>The Contents of the Questionnaire</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissemination of human rights policies</td>
<td>Status of Human Rights Policy dissemination, Status of implementation of trainings related to human rights</td>
</tr>
<tr>
<td>Address to human rights issues</td>
<td>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</td>
</tr>
<tr>
<td>Management</td>
<td>Stakeholder engagement, Operation of reporting channels, Status of responsible procurement</td>
</tr>
</tbody>
</table>

- **Human rights due diligence**

  We promote human rights initiatives in accordance with the Daiichi Sankyo Group Human Rights Policy. 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 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-GCP\(^*6\) (Good Clinical Practice), 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 trials and activities and remedies actions and preventive measures.

  - **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.

- **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.

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\(^*1\) United Nations Development Programme

\(^*2\) United Nations Office for Project Services

\(^*3\) International Labor Organization

\(^*4\) World Medical Association, Declaration of Helsinki

\(^*5\) International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use

\(^*6\) International Conference on Harmonisation of Technical Requirements for Pharmaceuticals for Human Use

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For further information regarding workplace health and safety, please refer to P82

Sustainability Activities

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 29 regulatory inspections, and 8 significant findings 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 officer, 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 government, 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. 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.

Human resource development 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*) exchange opinions and share information with each other about their respective recruitment activities, thereby leveraging each other’s knowhow. For 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 recruits.

* Asia, Latin America, Genta 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.
### 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)

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2025</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees dealt with high-stress</td>
<td>3.0%</td>
<td>4.0%</td>
<td>5.0%</td>
<td>5% increase from standard value</td>
</tr>
<tr>
<td>Rate of conducting specific health guidance</td>
<td>35.4% (2019)</td>
<td>39.6%</td>
<td>45%</td>
<td>15% increase from standard value</td>
</tr>
<tr>
<td>Smoking rate</td>
<td>16.9% (2011)</td>
<td>14.3% (2021)</td>
<td>10.0%</td>
<td>15% decrease from standard value</td>
</tr>
<tr>
<td>Rate of employees dealing with high-stress</td>
<td>5.3%</td>
<td>4.0%</td>
<td>3.0%</td>
<td>8% decrease from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of sick leave for at least 30 days</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>10% increase from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of non-occupational injury or illness leave</td>
<td>18.3% (2022)</td>
<td>16.8%</td>
<td>15%</td>
<td>25% decrease from benchmark</td>
</tr>
<tr>
<td>Percentage of employees with abnormal findings in health checkups</td>
<td>31.9% (2019)</td>
<td>23.3%</td>
<td>20.0%</td>
<td>10% decrease from benchmark</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>65%</td>
<td>70%</td>
<td>75%</td>
<td>10% increase from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>15.0%</td>
<td>20.0%</td>
<td>25%</td>
<td>15% increase from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>37.0%</td>
<td>35%</td>
<td>30%</td>
<td>5% decrease from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>14.0%</td>
<td>10.0%</td>
<td>8%</td>
<td>15% decrease from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>2% decrease from standard value</td>
</tr>
<tr>
<td>Percentage of employees who took 30 days or more of health checkups</td>
<td>4%</td>
<td>2%</td>
<td>0%</td>
<td>0% decrease from standard value</td>
</tr>
</tbody>
</table>

### 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.
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 contributions.

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 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 establishedhotlines 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 at 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 consultants, and strive to ensure the effective operation of the hotline.

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<table>
<thead>
<tr>
<th>Compliance-related data for FY2022 Global*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reports received: 207</td>
</tr>
<tr>
<td>*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.</td>
</tr>
</tbody>
</table>

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.

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

VOICE

Tatiane Schofield
DSBR Compliance Officer

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 Functional Units 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.

**Oncology Business Unit**
- The Oncology Business Unit (SBU) paramount responsibility is to ensure our cutting-edge medicines are accessible to the right patient at the right time so that healthcare professionals and payers 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.

**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.

**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.

**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.

**Daichi Sankyo Healthcare Unit**
- The Daichi 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.

We contributed to medical care by popularizing our major products (Lexiva, Targil, etc.) and provided new treatment options to patients with the addition of indications for Enhertu® and the launch of Rayavd® and Ezharmia®. Also, the activities of our medical representatives, medical affairs, and the product information center were ranked number one in a third-party survey.

Due to the US.- and EU.-demand for Enhertu, revenue from the OBU increased more than 166% year-over-year 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-Breast44, 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 facilities, doctors, and customers in this area. We also supported TSCC and IDA patients through delivering TURALON® and catheter.

We achieved 1 billion Euro in market performance for Lexiva. This means that 1.7 million patients in Europe use Lexiva benefit from it and live their lives with improved protection from stroke. In March we reached 100,000 patients on Alamdix® / 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.

Sales revenue recorded a year-on-year increase of 25.1% climbing up to 142.8 billion JPY mainly due to growth of Lexiva and Enhertu. Lexiva 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 Affiliate in each region.

During 2022, we strengthened our pipeline and expansion in the US with our acquisition of NBT Labs with the anticipation of launching Parxilase in 2023. We also met increased demand for our Venetro® business and continued our Capital Expansion efforts in Ohio, New York, and Daichi Sankyo Attkirk Sari, 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.

Driven by our major new products of Lulu Attack Premium and Lexinox ZX (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 “ORUSUI SHEET RECYCLE PROGRAM” for Japan’s first-ever consumer-driven scheme to recycle used tablet blister packs.

**Research & Development Unit**
- The Research & Development Unit will continue to 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 SID6-ADCs and develop further growth pillars to follow D6x-ADCs.

**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.

**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.

**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.

**Functional Units**
- The Functional Units provide information about medicines and diseases, as well as a robust support service, as a way of fully supporting patients and caregivers. In addition, the Functional Units make decisions on global commercialization strategies.

**Global Management Structure**
- The Global Management Structure is composed of the various units and functions, including the CEO, COO, and CFO, who are responsible for the overall strategy and operations of the company.

**CEOs**
- The Chief Executive Officer (CEO) is responsible for the overall strategy and operations of the company.

**COOs**
- The Chief Operating Officer (COO) is responsible for the operational aspects of the company.

**CFOs**
- The Chief Financial Officer (CFO) is responsible for the financial aspects of the company.

**Global Corporate Functions**
- The Global Corporate Functions include the Global Corporate Planning & Management, Global Corporate Strategy, Global Human Resources (HR), Global Internal Audit, and Global Compliance & Risk.

**Global Corporate Planning & Management**
- The Global Corporate Planning & Management is responsible for overseeing the strategic planning and managing the overall operations of the company.

**Global Corporate Strategy**
- The Global Corporate Strategy is responsible for developing and implementing the company’s strategic plans.

**Global Business Development**
- The Global Business Development is responsible for managing the company’s business development activities.

**Global Human Resources (HR)**
- The Global Human Resources (HR) is responsible for managing the company’s human resources.

**Global Internal Audit**
- The Global Internal Audit is responsible for ensuring the company’s compliance with laws and regulations.

**Global Compliance & Risk**
- The Global Compliance & Risk is responsible for managing the company’s compliance and risk management activities.

**More beautiful with a wide range of products and services, including OTC drugs, functional skincare and oral care, and food products.**

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*See PDF for information on financial data of each business unit.*

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**DAIICHI SANKYO GROUP VALUE REPORT 2023**

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**DAIICHI SANKYO GROUP VALUE REPORT 2023**
### Financial and Non-Financial Highlights

#### Changes in financial data
- **Core operating profit before R&D expenses**
- **Global revenue**
  - 2020: 165.9, 2021: 205.6, 2022: 244.0
- **R&D expenses**
- **ROE (%)**
  - 2020: 5.9, 2021: 5.1, 2022: 7.8
- **DOE (%)**
  - 2020: 4.0, 2021: 3.9, 2022: 4.1

#### Changes in environmental data
- **CO₂ emissions (Scope 1 + Scope 2)**
- **Renewable electricity utilization rate (%)**
- **Disposal of hazardous waste (%)**
- **Percentage of female in senior managerial employees (%)**

#### Changes in social data
- **Positive response rate on engagement survey (%)**
- **Amount of training/development investments per employee (¥)**

---

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
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)

### Financial Results

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (B Billions of JPY)</strong></td>
<td>1,118.2</td>
<td>919.4</td>
<td>986.4</td>
<td>955.1</td>
<td>960.2</td>
<td>929.7</td>
<td>981.8</td>
<td>962.5</td>
<td>1,044.9</td>
<td>1,278.5</td>
</tr>
<tr>
<td><strong>Overseas revenue</strong></td>
<td>584.5</td>
<td>392.4</td>
<td>430.7</td>
<td>375.2</td>
<td>341.9</td>
<td>333.8</td>
<td>374.1</td>
<td>401.8</td>
<td>486.4</td>
<td>745.0</td>
</tr>
<tr>
<td><strong>Ratio of overseas revenue to revenue (%)</strong></td>
<td>52.3</td>
<td>42.7</td>
<td>43.7</td>
<td>39.3</td>
<td>35.6</td>
<td>35.9</td>
<td>38.1</td>
<td>41.7</td>
<td>46.6</td>
<td>58.3</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>111.6</td>
<td>74.4</td>
<td>130.4</td>
<td>88.9</td>
<td>76.3</td>
<td>83.7</td>
<td>138.8</td>
<td>63.8</td>
<td>73.0</td>
<td>120.6</td>
</tr>
<tr>
<td><strong>Ratio of operating profit to revenue (%)</strong></td>
<td>10.0</td>
<td>8.1</td>
<td>13.2</td>
<td>9.3</td>
<td>7.9</td>
<td>9.0</td>
<td>14.1</td>
<td>6.6</td>
<td>7.0</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of the Company</strong></td>
<td>60.9</td>
<td>322.1</td>
<td>82.3</td>
<td>53.5</td>
<td>60.3</td>
<td>93.4</td>
<td>129.1</td>
<td>76.0</td>
<td>67.0</td>
<td>109.2</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>191.2</td>
<td>190.7</td>
<td>208.7</td>
<td>214.3</td>
<td>236.0</td>
<td>203.7</td>
<td>197.5</td>
<td>227.4</td>
<td>260.3</td>
<td>341.6</td>
</tr>
<tr>
<td><strong>Ratio of research and development expenses to revenue (%)</strong></td>
<td>17.1</td>
<td>20.7</td>
<td>21.2</td>
<td>22.4</td>
<td>24.6</td>
<td>21.9</td>
<td>20.1</td>
<td>23.6</td>
<td>24.9</td>
<td>26.7</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>49.2</td>
<td>36.3</td>
<td>23.3</td>
<td>23.9</td>
<td>26.9</td>
<td>38.3</td>
<td>29.0</td>
<td>40.1</td>
<td>56.2</td>
<td>71.5</td>
</tr>
</tbody>
</table>

### Financial Position

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>1,850</td>
<td>1,982</td>
<td>1,900</td>
<td>1,915</td>
<td>1,897</td>
<td>2,088</td>
<td>2,106</td>
<td>2,085</td>
<td>2,221</td>
<td>2,508</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,077</td>
<td>1,307</td>
<td>1,233</td>
<td>1,171</td>
<td>1,130</td>
<td>1,247</td>
<td>1,306</td>
<td>1,272</td>
<td>1,350</td>
<td>1,446</td>
</tr>
</tbody>
</table>

### Cash Flows

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</thead>
<tbody>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(23.7)</td>
<td>(10.7)</td>
<td>45.4</td>
<td>24.4</td>
<td>115.2</td>
<td>(116.7)</td>
<td>186.6</td>
<td>(49.5)</td>
<td>265.3</td>
<td>(232.9)</td>
</tr>
<tr>
<td><strong>Free cash flows</strong></td>
<td>(124.1)</td>
<td>121.5</td>
<td>168.3</td>
<td>39.4</td>
<td>217.0</td>
<td>(150.5)</td>
<td>278.3</td>
<td>153.0</td>
<td>351.6</td>
<td>(144.3)</td>
</tr>
</tbody>
</table>

### Per Share Information

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</thead>
<tbody>
<tr>
<td><strong>Basic earnings per share (JPY)</strong></td>
<td>28.86</td>
<td>152.52</td>
<td>45.4</td>
<td>24.4</td>
<td>115.2</td>
<td>(116.7)</td>
<td>186.6</td>
<td>(49.5)</td>
<td>265.3</td>
<td>(232.9)</td>
</tr>
<tr>
<td><strong>Equity per share attributable to owners of the Company (JPY)</strong></td>
<td>464.01</td>
<td>617.43</td>
<td>600.63</td>
<td>591.00</td>
<td>583.11</td>
<td>642.93</td>
<td>671.64</td>
<td>663.85</td>
<td>704.76</td>
<td>754.09</td>
</tr>
<tr>
<td><strong>Annual dividends per share (JPY)</strong></td>
<td>60</td>
<td>60</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>27</td>
<td>30</td>
</tr>
</tbody>
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### Main Financial Indicators

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<tbody>
<tr>
<td><strong>Return on equity attributable to owners of the Company (ROE) (%)</strong></td>
<td>6.5</td>
<td>28.2</td>
<td>6.5</td>
<td>4.4</td>
<td>5.2</td>
<td>7.8</td>
<td>10.1</td>
<td>5.9</td>
<td>5.1</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Ratio of equity attributable to owners of the Company to total assets (%)</strong></td>
<td>52.9</td>
<td>65.8</td>
<td>64.8</td>
<td>61.4</td>
<td>59.7</td>
<td>59.8</td>
<td>62.0</td>
<td>61.0</td>
<td>60.8</td>
<td>57.6</td>
</tr>
<tr>
<td><strong>Ratio of dividends to equity attributable to owners of the Company (DOE) (%)</strong></td>
<td>4.5</td>
<td>3.7</td>
<td>3.8</td>
<td>3.9</td>
<td>4.0</td>
<td>3.8</td>
<td>3.5</td>
<td>4.0</td>
<td>3.9</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Price-earnings ratio (PER)</strong></td>
<td>20.1</td>
<td>4.2</td>
<td>21.0</td>
<td>31.5</td>
<td>38.6</td>
<td>35.4</td>
<td>37.3</td>
<td>82.3</td>
<td>76.7</td>
<td>84.7</td>
</tr>
<tr>
<td><strong>Stock price at the end of the year (JPY)</strong></td>
<td>1,738</td>
<td>1,907</td>
<td>2,502</td>
<td>2,507</td>
<td>3,526</td>
<td>5,100</td>
<td>7,434</td>
<td>663.85</td>
<td>704.76</td>
<td>54.96</td>
</tr>
<tr>
<td><strong>Market capitalization</strong></td>
<td>1,223.5</td>
<td>1,342.6</td>
<td>1,710.2</td>
<td>1,662.7</td>
<td>2,283.7</td>
<td>3,304.2</td>
<td>4,817.7</td>
<td>5,137.0</td>
<td>9,245.4</td>
<td>135.68</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>32,791</td>
<td>16,428</td>
<td>15,249</td>
<td>14,670</td>
<td>14,446</td>
<td>14,888</td>
<td>15,348</td>
<td>16,033</td>
<td>16,458</td>
<td>17,435</td>
</tr>
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</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>9,145</td>
<td>8,543</td>
<td>8,589</td>
<td>8,648</td>
<td>8,765</td>
<td>8,865</td>
<td>8,754</td>
<td>8,979</td>
<td>9,135</td>
<td>9,263</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>3,402</td>
<td>3,322</td>
<td>2,321</td>
<td>2,464</td>
<td>2,191</td>
<td>2,172</td>
<td>2,380</td>
<td>2,602</td>
<td>2,706</td>
<td>3,062</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>1,385</td>
<td>1,342</td>
<td>1,327</td>
<td>1,386</td>
<td>1,290</td>
<td>1,300</td>
<td>1,383</td>
<td>1,370</td>
<td>1,356</td>
<td>1,497</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>18,018</td>
<td>2,469</td>
<td>2,342</td>
<td>1,980</td>
<td>2,108</td>
<td>2,072</td>
<td>2,161</td>
<td>2,338</td>
<td>2,556</td>
<td>2,556</td>
</tr>
</tbody>
</table>

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1) Cash flows from operating activities = Cash flows from investing activities
2) 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 at 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 begining of FY2020.
4) Market capitalization is calculated excluding treasury stocks.
## Consolidated Statement of Profit or Loss

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (as of March 31, 2022)</th>
<th>FY2022 (as of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,044,892</td>
<td>1,278,478</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>353,400</td>
<td>363,525</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>691,491</td>
<td>914,952</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>362,456</td>
<td>471,221</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>210,326</td>
<td>261,570</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>4,321</td>
<td>19,101</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>3</td>
<td>680</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>73,025</td>
<td>120,580</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td>6,114</td>
<td>14,773</td>
</tr>
<tr>
<td><strong>Financial expenses</strong></td>
<td>5,753</td>
<td>8,480</td>
</tr>
<tr>
<td><strong>Share of profit (loss) of investments accounted for using the equity method</strong></td>
<td>129</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>73,516</td>
<td>126,854</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>6,543</td>
<td>17,666</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>66,972</td>
<td>109,188</td>
</tr>
<tr>
<td><strong>Profit attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>66,972</td>
<td>109,188</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (JPY)</td>
<td>34.94</td>
<td>56.96</td>
</tr>
<tr>
<td>Diluted earnings per share (JPY)</td>
<td>34.91</td>
<td>56.91</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (as of March 31, 2022)</th>
<th>FY2022 (as of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the year</strong></td>
<td>66,972</td>
<td>109,188</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets measured at fair value through other comprehensive income</td>
<td>(4,590)</td>
<td>(2,798)</td>
</tr>
<tr>
<td>Revaluations of defined benefit plans</td>
<td>5,831</td>
<td>5,932</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>62,978</td>
<td>36,312</td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td></td>
<td>603</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td>63,319</td>
<td>39,850</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>130,292</td>
<td>149,038</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>130,292</td>
<td>149,038</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (as of March 31, 2022)</th>
<th>FY2022 (as of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>2,221,402</td>
<td>2,508,889</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>870,530</td>
<td>1,063,034</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of the Company</strong></td>
<td>1,350,872</td>
<td>1,445,854</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,350,872</td>
<td>1,445,854</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>2,221,402</td>
<td>2,508,889</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (as of March 31, 2022)</th>
<th>FY2022 (as of March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>662,477</td>
<td>441,921</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>266,675</td>
<td>349,111</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>181,368</td>
<td>263,205</td>
</tr>
<tr>
<td>Inventories</td>
<td>217,910</td>
<td>301,608</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4,321</td>
<td>19,101</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,345,271</td>
<td>1,475,051</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>304,070</td>
<td>348,912</td>
</tr>
<tr>
<td>Goodwill</td>
<td>83,555</td>
<td>98,330</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>163,884</td>
<td>159,609</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>1,425</td>
<td>1,306</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>131,509</td>
<td>130,393</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>138,173</td>
<td>180,096</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>53,513</td>
<td>95,188</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>870,530</td>
<td>1,063,034</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,221,402</td>
<td>2,508,889</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>324,784</td>
<td>426,036</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>20,394</td>
<td>41,396</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>10,766</td>
<td>11,080</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>6,910</td>
<td>21,470</td>
</tr>
<tr>
<td>Provisions</td>
<td>6,795</td>
<td>7,626</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>395,268</td>
<td>530,263</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>143,067</td>
<td>101,467</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>42,615</td>
<td>41,647</td>
</tr>
<tr>
<td>Post-employment benefit liabilities</td>
<td>2,624</td>
<td>1,310</td>
</tr>
<tr>
<td>Provisions</td>
<td>18,290</td>
<td>16,376</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>12,444</td>
<td>12,647</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>256,219</td>
<td>359,094</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>475,262</td>
<td>532,770</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>2,221,402</td>
<td>2,508,889</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>FY2021 (For the year ended March 31, 2022)</th>
<th>FY2023 (For the year ended March 31, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Statement of Cash Flows</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>73,516</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>58,375</td>
</tr>
<tr>
<td>Impairment losses/reversal of impairment losses</td>
<td>10,446</td>
</tr>
<tr>
<td>Financial income</td>
<td>(6,114)</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>7,573</td>
</tr>
<tr>
<td>Share of profit/loss of investments accounted for using the equity method</td>
<td>(129)</td>
</tr>
<tr>
<td>(Gain) loss on sale and disposal of non-current assets</td>
<td>(2,700)</td>
</tr>
<tr>
<td>(Decrease) in trade and other receivables</td>
<td>19,063</td>
</tr>
<tr>
<td>(Decrease) in inventories</td>
<td>(638)</td>
</tr>
<tr>
<td>Increase (decrease) in trade and other payables</td>
<td>13,290</td>
</tr>
<tr>
<td>Others, net</td>
<td>28,107</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>161,750</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>2,836</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(1,779)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(22,580)</td>
</tr>
<tr>
<td><strong>Net cash flows from (used in) operating activities</strong></td>
<td>73,926</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Payments into time deposits</td>
<td>(180,678)</td>
</tr>
<tr>
<td>Proceeds from maturities of time deposits</td>
<td>318,820</td>
</tr>
<tr>
<td>Acquisition of securities</td>
<td>(328,952)</td>
</tr>
<tr>
<td>Proceeds from sale and redemption of securities</td>
<td>476,150</td>
</tr>
<tr>
<td>Acquisitions of property, plant and equipment</td>
<td>(62,736)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>5,240</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(10,312)</td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
<td>4,299</td>
</tr>
<tr>
<td>Proceeds from sale of subsidiaries</td>
<td>379</td>
</tr>
<tr>
<td>Proceeds from collection of loans receivable</td>
<td>40</td>
</tr>
<tr>
<td><strong>Net cash flows from (used in) investing activities</strong></td>
<td>212,339</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Repayments of bonds and borrowings</td>
<td>(28,391)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(18)</td>
</tr>
<tr>
<td>Proceeds from sale of treasury shares</td>
<td>0</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(51,730)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(14,505)</td>
</tr>
<tr>
<td><strong>Net cash flows from (used in) financing activities</strong></td>
<td>(265,334)</td>
</tr>
<tr>
<td><strong>Net cash flows</strong></td>
<td>127,882</td>
</tr>
<tr>
<td><strong>Net cash flows</strong></td>
<td>(89,594)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>380,547</td>
</tr>
<tr>
<td>Effect of exchange rate change on cash and cash equivalents</td>
<td>16,595</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>662,477</td>
</tr>
</tbody>
</table>

### Financial Data

#### Balance as of March 31, 2023

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,446</td>
</tr>
<tr>
<td>200,876</td>
</tr>
<tr>
<td>1,231,788</td>
</tr>
<tr>
<td>1,445,854</td>
</tr>
<tr>
<td>1,445,854</td>
</tr>
</tbody>
</table>

#### Balance as of April 1, 2022

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
</tr>
<tr>
<td>(36,808)</td>
</tr>
<tr>
<td>168,415</td>
</tr>
<tr>
<td>403</td>
</tr>
</tbody>
</table>

#### Balance as of April 1, 2021

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,416</td>
</tr>
<tr>
<td>117,619</td>
</tr>
<tr>
<td>1,277,332</td>
</tr>
<tr>
<td>1,272,053</td>
</tr>
</tbody>
</table>

#### Total Other Components of Equity

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>403</td>
</tr>
<tr>
<td>168,415</td>
</tr>
<tr>
<td>403</td>
</tr>
</tbody>
</table>

#### Total Equity

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,272,053</td>
</tr>
<tr>
<td>1,445,854</td>
</tr>
<tr>
<td>1,445,854</td>
</tr>
</tbody>
</table>
Positive Factors

<table>
<thead>
<tr>
<th>Positive Factors</th>
<th>Negative Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Cost of sales*</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>Temporary income*</td>
</tr>
<tr>
<td>Core operating profit*</td>
<td>Temporary expenses*</td>
</tr>
<tr>
<td>Core operating profit*</td>
<td>Operating profit</td>
</tr>
<tr>
<td>Core operating profit*</td>
<td>Profit before tax</td>
</tr>
</tbody>
</table>

Core operating profit in FY2022 increased by ¥32.0 billion, or 25.3% 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.

Revenues increased by ¥332.6 billion, including a revenue increase of ¥93.9 billion due to the foreign exchange impact.

Although revenue increased, the cost of sales decreased by ¥30.7 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.

Costs and expenses increased by ¥233.6 billion, or 53.0% year on year, to ¥828.6 billion. Of this increase, ¥178.7 billion was due to an increase in research and development (R&D) expenses (FY2021: ¥97.4 billion), ¥9.5 billion related to Zelboraf, etc. as well as environmental expenditures of ¥9.5 billion related to TURALIO™, and ¥10.4 billion related to DS-5141, which we stopped developing.

In terms of our temporary income, last year, we recorded an impairment loss of ¥104.0 billion related to Zelzabril, etc. as well as environmental expenditures of approximately ¥9.5 billion related to TURALIO™ as well as an impairment loss of ¥4.9 billion related to DS-5141, which we stopped developing.

In terms of our temporary costs, last year, we recorded a provision of ¥21.1 billion related to the closure of Plexus, etc. Financial income and expenses, etc. increased our profit by ¥15.6 billion on year due to an increase in our interest income.

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

1. Revenue

Consolidated financial revenue in FY2022 increased by ¥233.6 billion, or 22.4% year on year, to ¥1,278.5 billion. The foreign exchange impact placed upward pressure on revenue to the extent of ¥93.9 billion. When the impact is excluded, the increase in revenue was ¥139.7 billion.

2. Core operating profit

Core operating profit in FY2022 increased by ¥32.0 billion, or 25.3% year on year, to ¥122.6 billion.

3. Profit attributable to owners of the Company

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

Although our Japan Business Unit saw an increase in the sales of Lixiana® and Enhertu® 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 FY2022, 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, leading to a revenue increase of ¥4.2 billion.

American Regent saw a revenue increase of ¥46.4 billion in spite of a revenue decrease for Lixiana due to the achievement of single-year product sales milestones.

In terms of our temporary income, last year, we recorded an impairment loss of ¥104.0 billion related to Zelzabril, etc. as well as environmental expenditures of ¥9.5 billion related to TURALIO™ as well as an impairment loss of ¥4.9 billion related to DS-5141, which we stopped developing.

In terms of our temporary costs, last year, we recorded a provision of ¥21.1 billion related to the closure of Plexus, etc. Financial income and expenses, etc. increased our profit by ¥15.6 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 Results and Financial Analysis

1. Assets, liabilities, and equity

- **Total assets** as of the fiscal year ended were ¥2,508.9 billion, an increase of ¥287.5 billion from the previous fiscal year, 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.

2. Cash flows

- **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 repayments of borrowings.

- **Cash flows from financing activities**
  - Net cash inflows from financing activities totaled ¥99.6 billion (previous year: ¥86.2 billion outflow), which reflected spending on dividend payments and repayments of borrowings.

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.

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, Lovlina and Tarilge although there are factors of decrease in revenue such as the NIH 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 SDkIs-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

Shareholder Returns

In order to achieve sustainable growth in corporate value, the basic management policy determines profit distribution by comprehensively evaluating essential investments for strategic growth and profit returns to shareholders.

To achieve our shareholders’ 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.

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)

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
<th>Efficacy</th>
<th>Launch</th>
<th>Remarks</th>
<th>Revenue (Billions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lixiana (edoxaban)</td>
<td>Anticoagulant</td>
<td>2015</td>
<td>prevents blood clotting</td>
<td>117.1 2.2</td>
</tr>
<tr>
<td>Ranmark (denosumab)</td>
<td>Antiresorption</td>
<td>2012</td>
<td>reduces bone destruction by specifically inhibiting RANKL</td>
<td>105.1 12.7</td>
</tr>
<tr>
<td>Efient (prasugrel)</td>
<td>Antiplatelet agent</td>
<td>2014</td>
<td>Inhibits platelet aggregation and reduces the occurrence of platelet aggregation</td>
<td>19.0 1.9</td>
</tr>
<tr>
<td>Loxonin (loxoprofen)</td>
<td>Anti-inflammatory</td>
<td>1986</td>
<td>Suppresses the excessive irritation of nerves in the brain</td>
<td>35.8 8.4</td>
</tr>
<tr>
<td>Canalia (teneligliptin)</td>
<td>DPP-4 inhibitor</td>
<td>2013</td>
<td>Facilitates glucose-dependent insulin release from nerve terminals</td>
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</tr>
<tr>
<td>Enhertu (trastuzumab deruxtecan)</td>
<td>Anti-cancer agent</td>
<td>2020</td>
<td>Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2 and an antitumor payload, 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.</td>
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</tr>
<tr>
<td>TURALIO (pexidartinib)</td>
<td>Treatment for bone destruction caused by osteoclasts, and reduces the occurrence of osteoclasts</td>
<td>2011</td>
<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
<th>Efficacy</th>
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<td>2011</td>
<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>

Major Products

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

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
<th>Efficacy</th>
<th>Launch</th>
<th>Remarks</th>
<th>Revenue (Billions of JPY)</th>
</tr>
</thead>
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<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
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<th>Revenue (Billions of JPY)</th>
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</tr>
<tr>
<td>Ranmark (denosumab)</td>
<td>Antiresorption</td>
<td>2012</td>
<td>reduces bone destruction by specifically inhibiting RANKL</td>
<td>105.1 12.7</td>
</tr>
<tr>
<td>Efient (prasugrel)</td>
<td>Antiplatelet agent</td>
<td>2014</td>
<td>Inhibits platelet aggregation and reduces the occurrence of platelet aggregation</td>
<td>19.0 1.9</td>
</tr>
<tr>
<td>Loxonin (loxoprofen)</td>
<td>Anti-inflammatory</td>
<td>1986</td>
<td>Suppresses the excessive irritation of nerves in the brain</td>
<td>35.8 8.4</td>
</tr>
<tr>
<td>Canalia (teneligliptin)</td>
<td>DPP-4 inhibitor</td>
<td>2013</td>
<td>Facilitates glucose-dependent insulin release from nerve terminals</td>
<td>91.9 2.6</td>
</tr>
<tr>
<td>Enhertu (trastuzumab deruxtecan)</td>
<td>Anti-cancer agent</td>
<td>2020</td>
<td>Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2 and an antitumor payload, 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.</td>
<td>11.7 2.2</td>
</tr>
<tr>
<td>TURALIO (pexidartinib)</td>
<td>Treatment for bone destruction caused by osteoclasts, and reduces the occurrence of osteoclasts</td>
<td>2011</td>
<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
<th>Efficacy</th>
<th>Launch</th>
<th>Remarks</th>
<th>Revenue (Billions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lixiana (edoxaban)</td>
<td>Anticoagulant</td>
<td>2015</td>
<td>prevents blood clotting</td>
<td>117.1 2.2</td>
</tr>
<tr>
<td>Ranmark (denosumab)</td>
<td>Antiresorption</td>
<td>2012</td>
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<td>105.1 12.7</td>
</tr>
<tr>
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<tr>
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<td>2020</td>
<td>Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2 and an antitumor payload, 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.</td>
<td>11.7 2.2</td>
</tr>
<tr>
<td>TURALIO (pexidartinib)</td>
<td>Treatment for bone destruction caused by osteoclasts, and reduces the occurrence of osteoclasts</td>
<td>2011</td>
<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Brand Name (Generic Name)</th>
<th>Efficacy</th>
<th>Launch</th>
<th>Remarks</th>
<th>Revenue (Billions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lixiana (edoxaban)</td>
<td>Anticoagulant</td>
<td>2015</td>
<td>prevents blood clotting</td>
<td>117.1 2.2</td>
</tr>
<tr>
<td>Ranmark (denosumab)</td>
<td>Antiresorption</td>
<td>2012</td>
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<td>105.1 12.7</td>
</tr>
<tr>
<td>Efient (prasugrel)</td>
<td>Antiplatelet agent</td>
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<tr>
<td>Loxonin (loxoprofen)</td>
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<td>35.8 8.4</td>
</tr>
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<td>Canalia (teneligliptin)</td>
<td>DPP-4 inhibitor</td>
<td>2013</td>
<td>Facilitates glucose-dependent insulin release from nerve terminals</td>
<td>91.9 2.6</td>
</tr>
<tr>
<td>Enhertu (trastuzumab deruxtecan)</td>
<td>Anti-cancer agent</td>
<td>2020</td>
<td>Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2 and an antitumor payload, 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.</td>
<td>11.7 2.2</td>
</tr>
<tr>
<td>TURALIO (pexidartinib)</td>
<td>Treatment for bone destruction caused by osteoclasts, and reduces the occurrence of osteoclasts</td>
<td>2011</td>
<td></td>
<td>3.8 1.0</td>
</tr>
</tbody>
</table>
Corporate Profile / Main Group Companies

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, Chiba, Saitama, Kanagawa, Kitakanto, Koushinetsu, Tokai, Kei, Hokuriku, Osaka, Kansai/Chugoku, Shikoku, and Kyushu

Number of Bases (As of April 1, 2023)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Number of Bases</th>
<th>Number of Countries/Regions</th>
<th>R&amp;D Bases</th>
<th>Production Bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Companies</td>
<td>52</td>
<td>29</td>
<td>18 bases</td>
<td>13 bases</td>
</tr>
<tr>
<td>Number of countries/regions with bases</td>
<td>10</td>
<td>countries/regions</td>
<td>in 6 countries/regions</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>9,263</td>
<td>18 bases in 10 countries/regions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>2,556</td>
<td>13 bases in 6 countries/regions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>3,062</td>
<td>19 bases in 3 countries/regions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASCA*</td>
<td>2,556</td>
<td>10 bases in 3 countries/regions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Asia, South, Central America

DAIICHI SANKYO GROUP VALUE REPORT 2023

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## Environmental

### Promoting Environmental Management

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Classification</th>
<th>Items</th>
<th>Scope</th>
<th>Unit</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td></td>
<td></td>
<td>In Japan</td>
<td>kgCO2</td>
<td>130,672</td>
<td>143,374</td>
<td>144,764</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global</td>
<td>kgCO2</td>
<td>21,441</td>
<td>23,269</td>
<td>24,349</td>
</tr>
<tr>
<td>Wastewater discharge</td>
<td></td>
<td></td>
<td>Global</td>
<td>Mt</td>
<td>22,750</td>
<td>22,120</td>
<td>21,799</td>
</tr>
<tr>
<td>Water resources</td>
<td></td>
<td></td>
<td>Global</td>
<td>m3</td>
<td>6,899</td>
<td>7,178</td>
<td>7,401</td>
</tr>
<tr>
<td>Energy</td>
<td></td>
<td></td>
<td>Global</td>
<td>MWh</td>
<td>477,955</td>
<td>503,727</td>
<td>520,654</td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td>Global</td>
<td>kg</td>
<td>11,936</td>
<td>9,998</td>
<td>12,189</td>
</tr>
</tbody>
</table>

### Change

- **Data energy use**: The adoption of new methods for calculating energy use.
- **Water resource**: The implementation of new water management policies.
- **Waste**: The introduction of new waste management systems.

## Social

### Mutual Growth of Employees and the Company

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Items</th>
<th>Scope</th>
<th>Unit</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Persons</td>
<td>6,683</td>
<td>6,753</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outside Japan</td>
<td>Persons</td>
<td>3,410</td>
<td>3,504</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global</td>
<td>Persons</td>
<td>16,033</td>
<td>16,458</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Persons</td>
<td>8,979</td>
<td>9,135</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outside Japan</td>
<td>Persons</td>
<td>3,644</td>
<td>3,819</td>
</tr>
</tbody>
</table>

### Governance

<table>
<thead>
<tr>
<th>Category</th>
<th>Items</th>
<th>Scope</th>
<th>Unit</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governing body</strong></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Persons</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outside Japan</td>
<td>Persons</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global</td>
<td>Persons</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Structure of Board of Directors</strong></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Persons</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outside Japan</td>
<td>Persons</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global</td>
<td>Persons</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Structure of Audit and Supervisory Board</strong></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Persons</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outside Japan</td>
<td>Persons</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global</td>
<td>Persons</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Remuneration to Members of the Board</strong></td>
<td></td>
<td></td>
<td>Non-consolidated</td>
<td>¥ Million</td>
<td>547</td>
<td>959</td>
</tr>
</tbody>
</table>

### Promoting Compliance Management

<table>
<thead>
<tr>
<th>Category</th>
<th>Items</th>
<th>Scope</th>
<th>Unit</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance training</td>
<td></td>
<td></td>
<td>Global</td>
<td>Times</td>
<td>141</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In Japan</td>
<td>Times</td>
<td>95</td>
<td>88</td>
</tr>
</tbody>
</table>

### Mutual Growth of Employees and the Company

- **Employee data**: The number of employees and their demographics.
- **Average years of service**: The average years of service for employees.
- **New employees**: The number of new employees recruited each year.
- **Managers (including non-executive directors)**: The number of managers in the company.

### Compliance

- **Compliance training**: The number of compliance training sessions conducted each year.
- **Development-related training**: The number of development-related training programs conducted each year.

## Social Contribution Activities

- **Employee data**: The number of employees involved in social contribution activities.
- **Social contribution activities**: The number of social contributions made each year.

The Company updates its corporate website with other ESG data.

The Dow Jones Sustainability Indices (DJSI), managed by S&P Global, are ESG indices evaluating the sustainability of a company and provide 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.

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.

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 provide 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.

Selected consecutively for five years/seven years/two years

The FTSE4Good Index Series and the FTSE Blossom Japan Index 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 launched in March 2022 for two consecutive years.

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

The FTSE4Good Index Series and the FTSE Blossom Japan Index 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 launched in March 2022 for two consecutive years.

Selected consecutively for five years

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

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, 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 stocks.

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
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

Major Shareholders (As of March 31, 2023)

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held (Thousands of shares)</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>337,410</td>
<td>17.60</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>169,629</td>
<td>8.85</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 385632</td>
<td>129,660</td>
<td>6.76</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>85,863</td>
<td>4.48</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY 5055001</td>
<td>56,230</td>
<td>2.93</td>
</tr>
<tr>
<td>SSBTC CLIENT OMNIBUS ACCOUNT</td>
<td>44,125</td>
<td>2.30</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd.</td>
<td>38,381</td>
<td>2.00</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT - TREATY 505234</td>
<td>30,422</td>
<td>1.59</td>
</tr>
<tr>
<td>GOLDMAN, SACHS &amp; CO. REG</td>
<td>29,235</td>
<td>1.52</td>
</tr>
</tbody>
</table>

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)

- Financial instrument firms: 1.25%
- Other corporations: 2.55%
- Individuals and others: 9.65%
- National government and local governments: 0.00%
- Foreign investors: 63.80%
- Financial institutions: 4.70%
- Treasury shares: 1.52%
- Other: 1.68%

Trends in Total Shareholder Return

- FY2018: 95.0
- FY2019: 85.9
- FY2020: 122.1
- FY2021: 124.6
- FY2022: 131.8
- FY2023: 280.7

Market Capitalization and Changes in Stock Price

- Stock price (JPY)
- Market capitalization (trillion JPY)

Notes:
1. Stock prices and market capitalization are based on closing price at the end of each month from March 2007 to August 2023. Stock price is post-split base.
2. Effective October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares.
3. Market capitalization is calculated excluding treasury stocks.
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.

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.

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Daiichi Sankyo Co., Ltd.
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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