



Outside Director,
Chairperson of the Board

Kazuaki Kama



Representative Director,
Executive Chairperson & CEO

Sunao Manabe

The Supervisory and Executive Structure Aimed for by Daiichi Sankyo Group as it Expands its Oncology Business Globally

Striving to Optimize the Balance Between Oversight and Execution to Further Enhance Trust

Increasing the Weight of “Offensive Governance” to Support the Executive Side, Aiming for Governance Unique to Daiichi Sankyo

Please tell us about your initiatives during the past year as the new chairperson of the Board. And what do you think of the new executive structure following the appointment of President Okuzawa?

Director Kama I am working to ensure a clear separation between the execution and supervision of management. In addition, based on the annual board evaluation, I am striving to further strengthen the oversight function by improving operational aspects.

The role of the Board of Directors is to “enrich discussions aimed at sustainable growth and steadily fulfill its supervisory role.” Last year, we deepened

discussions on long-term strategies and initiatives for globalization. Additionally, based on the revised matters for deliberation and reported matters of the Board, we are optimizing items for deliberation and reporting and advancing the delegation of authority from the Board of Directors to the execution team. We also conduct thorough pre-meetings with the CEO and COO regarding the selection and content of agenda items.

As we enter a phase of full-scale globalization, we selected Mr. Okuzawa as the President and COO based on his extensive global work experience and ability to embody our Core Values and Core Behaviors that serve as the foundation for fostering our company culture, which will be crucial skills and experiences required for the president over the next few years. Amid the rapidly changing business environment, we highly appreciate President Okuzawa’s leadership in driving organizational transformation to strengthen global management. This includes establishing an executive structure that appoints members of diverse nationalities to serve as Global Heads, clarifying key personnel in Japan, and initiating organizational transformation. We believe that the introduction of

Dialogue Between Chairperson of the Board, Mr. Kama, and Executive Chairperson & CEO, Dr. Manabe



the CEO/COO structure has effectively advanced the goal of strengthening the executive structure.

Please tell us about the initiatives related to one of the priority measures for FY2023, “Enhancement of discussion on key matters such as long-term strategies and globalization for further strengthening the oversight functions of the Board.”

Director Kama We have focused our discussions on long-term strategies, business strategies, business investments, globalization, Materiality, and risk management. Specifically, besides discussions on the portfolio centered on the ADC business, we also discussed global human resources and the One DS Culture. Additionally, we have been receiving timely reports on the globalization of corporate functions, the CxO structure initiated in FY2023, and the progress of various projects. As the Board of Directors, we believe it is important to ensure that appropriate business plans and progress are being made, and that appropriate risks are being taken as part of “offensive governance.” Therefore, we monitor whether the necessary actions are taken and ask the relevant questions to encourage the executive side. In this way, as an Outside Director and the Chairperson of the Board, I strive to participate in discussions and manage the board operations from a third-party perspective. Particularly last year, through discussions on the strategic alliance with Merck & Co., Inc., Rahway, NJ, USA, we were able to enhance our discussions on long-term strategies.

Amid the rapid expansion of our global business and the acceleration of global management, we aim to deepen discussions on the “global healthcare company” we are aiming to become, while listening to the challenges and

progress reported by the executive side.

In light of the remarks from Director Kama, would you please update us on the progress of the executive initiatives? In particular, we would like to hear about the key discussion points regarding the strategic alliance with Merck.

CEO Manabe There have been various opinions within the company regarding our strategic alliance with Merck. I believe that we have chosen the best means to embody our Purpose, “Contribute to the enrichment of quality of life around the world,” and our Mission, “Create innovative pharmaceuticals addressing diverse medical needs,” in order to deliver innovative medicines to more patients more quickly. We determined that, considering the increasing need to enhance capacity, resources, and capabilities for maximizing the DXd ADC franchise, as well as the intensifying competition in development, opting for a strategic alliance rather than pursuing in-house development and commercialization would achieve greater corporate and product value. This conclusion was reached after thorough deliberation by the execution team, taking into account both internal and external environmental changes. We believe that, in terms of speed and scale, we can expect to create a social impact that Daiichi Sankyo alone could not achieve. Furthermore, through the upfront payment received as part of the strategic alliance agreement, we have the opportunity to allocate funds towards increased research and development expenses, facility investments, and further strengthening of shareholder returns for future growth.

During the Board of Directors’ deliberations, the execution team engaged in extensive discussions with Outside Directors from various perspectives. These

discussions included the risks associated with entering into a new alliance in addition to the existing one with AstraZeneca, as well as the potential for business growth independently. From an oversight perspective, we received various advice on the content of the deliberations, helping us understand and support the fact that this decision is crucial for the company’s mid- to long-term growth.

Regarding the strategic alliance with Merck, could you please elaborate on the key points that the Board of Directors emphasized, the future challenges, and the details of the discussions?

Director Kama The recent strategic alliance with Merck has a significant impact on our business strategy. The Board of Directors received multiple briefings and engaged in extensive discussions about it. We also addressed concerns regarding entering a strategic alliance with another company while we are already partnered with AstraZeneca, and discussed the reasons for selecting Merck as our new partner. From the perspectives of pursuing our Purpose and Mission, ensuring sustainable growth, enhancing corporate value, and strengthening competitiveness, I believe we have selected the best partner under the best terms. The Board of Directors also felt that we were able to support the executives from the standpoint of “offensive governance”.

While maximizing the business value in the oncology field is crucial, from the perspective of “defensive governance,” it is also essential for the Board of Directors to appropriately oversee the execution team’s efforts to strengthen internal controls, manage company-wide risks, and ensure proper compliance.

Governance includes not only supervision but also supporting and encouraging the executives. We believe it is necessary to clearly distinguish between risks to be taken and risks to be avoided, thereby increasing the emphasis on offensive governance. As the Chairperson of the Board, I am committed to facilitating discussions that will contribute to the sustainable growth and long-term enhancement of corporate value for Daiichi Sankyo.

Striving to Optimize the Balance Between Oversight and Execution, and Strengthening Operations to Enhance the Effectiveness of the Oversight Function

Please tell us about the initiatives related to one of the priority measures for FY2023, “Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board.”

Director Kama In order to review the balance between supervision and execution for our company and to optimize the matters for deliberation and reporting, we revised the standard for submitting matters for deliberation and reported matters of the Board, effective from FY2023. Specifically, we advanced the delegation of authority from the Board of Directors to the execution team,

streamlined the matters for deliberation and reporting, and enriched discussions on important business execution matters. We believe this has also enhanced flexibility and agility in business operations. Additionally, in FY2023, we also revised the matters for deliberation and reporting within the Nomination Committee and the Compensation Committee.

As for opportunities for discussions outside the Board of Directors, a total of nine meetings were held last year, including Outside Directors’ meeting, briefing for Outside Directors and Outside Audit & Supervisory Board Members, and meetings to exchange views among Directors and Audit & Supervisory Board Members. We are enhancing discussions among board members to further strengthen the decision-making and oversight functions of the Board of Directors. We also held quarterly meetings consisting solely of Outside Directors and Outside Audit & Supervisory Board Members, where active discussions took place.

We also conducted detailed pre-meetings with the CEO and COO regarding the selection and content of agenda items and carefully worked out the time allocation. I feel that the Board of Directors, particularly the Outside Directors, are having a more active exchange of opinions. This is not just my impression; I have also received similar feedback from everyone during the meetings for Outside Directors and Outside Audit & Supervisory Board Members and in the board evaluation.

Please tell us about the division of roles in the operations of the Board of Directors and decision-making in management, as well as efforts to deepen discussions.

CEO Manabe Detailed monthly meetings are held with the Chairperson of the Board, including the COO, regarding the selection and management of board agenda items. For Outside Directors, we provide individual pre-meetings to explain the content of the Board meetings and invite them to attend the Executive Management Committee (EMC) Meeting as observers, ensuring that discussions at the Board meetings are more in-depth. As for the matters for deliberation and reporting at the Board of Directors, the execution team thoroughly discusses these items at the EMC Meeting and then reports them to the Board. We believe the Board’s role is to supervise these discussions, provide expert advice, and assess risks.

Outside of the Board meetings, we held briefings to deepen their understanding of the ADC business strategy, R&D activities and other initiatives on the executive side. We deeply feel that all Outside Directors strongly empathize with and support our company’s Purpose and Vision. Additionally, we received numerous valuable insights from them, leveraging their experiences to support the sustainable growth of our Group. Particularly, we received precise and insightful comments in the discussions about our strategic alliance with Merck, including both positive and negative viewpoints.

Please tell us about the operational status of the Nomination Committee and the Compensation Committee, as well as the performance evaluations of the CEO and COO conducted by the joint meeting.

Director Kama Both committees, which had been established as advisory bodies to the President, were restructured as advisory bodies to the Board of Directors in 2020. The two committees were composed of four Outside Directors, with one Outside Audit & Supervisory Board Member participating as an observer. However, starting from FY2024, with the addition of Director Honma, the committees now consist of five Outside Directors. In the FY2021 board evaluation by a third-party organization, our Board of Directors and its advisory bodies, the Nomination Committee and the Compensation Committee, were assessed as functioning appropriately. We also plan to conduct a third-party evaluation this fiscal year.

In FY2023, the Nomination Committee convened nine times, and the Compensation Committee eleven times. In addition to the regular committee meetings, joint meetings of the Nomination Committee and the Compensation Committee were held in March and September for further discussions. Regarding the goal setting and evaluation of the CEO and COO, in March we conducted the final evaluation of the current fiscal year's performance and set the goals for the next fiscal year. In September, we reviewed the progress towards achieving these goals. In the September discussions, we deliberated on the reappointment or dismissal of the CEO and COO. The performance evaluations conducted in March are then connected to the discussions of the Compensation Committee. The activities of both committees and joint meetings are reported to the Board of Directors every three months. We believe that through these processes, which ensure objectivity and transparency, we are strengthening governance and that the Board of Directors is fully fulfilling its expected role.

Increasing the Number of Outside Directors to Optimize the Composition of the Board of Directors, and Initiatives for Globalization and Development of Next-Generation Leaders

Please provide an update on the initiatives related to the FY2023 priority measures of “Further considerations for optimizing the Board composition.” Additionally, please explain the reasons for appointing Outside Director Honma.

Director Kama Our Board of Directors has identified nine key skills that are considered particularly important in light of our company's management direction, our Purpose and Mission, long-term management direction, and business strategies. These skills are crucial for realizing the 2030 Vision and for the Board to fulfill its functions effectively. Regarding Directors, we select Board members from among the candidates by considering diversity and balance to ensure none of these skills are lacking. This selection is based on strengthening the decision-making and oversight functions. Recognizing the need for a majority of Outside Directors, we decided to increase the number of Outside Directors in FY2023 and appointed Yo Honma, the President and CEO of NTT Data Group

Corporation (stepping down in June 2024), starting in FY2024. Outside Director Honma brings extensive experience and broad knowledge in overall corporate management, IT and digital technology, and corporate globalization, stemming from his background as a company executive in the information and communication sector. We are confident that he will leverage his extensive experience and broad knowledge to address challenges related to global management transformation and the acceleration of innovation through digital transformation (DX), which are critical for our company's sustainable growth.

We continue to recognize challenges related to the number of Directors, the ratio of Inside to Outside Directors, and diversity in terms of gender and international representation. We are actively considering these factors to achieve an optimal board composition.

Please share your thoughts on management diversity, including gender and international representation, as well as the optimal composition of members, including the executive structure.

CEO Manabe Against the backdrop of the rapid business expansion in oncology and the acceleration of global management, ensuring diversity among Directors, including gender and international representation, is more important than ever for the Board of Directors. We sometimes receive external opinions regarding the appointment of executives and CxO experienced individuals from companies in the same industry. However, we intend to actively consider capable candidates regardless of whether they are from companies in the same industry.

On the executive side, as globalization progresses, there is a need to expand and build the management foundation, including organization and human resources. We are promoting the appointment of candidates of diverse nationalities to Global Head positions, strengthening the global management structure, and fostering global leaders and talents.

In April, we launched the “DS Academy,” a program aimed at developing future global leaders, and it has had a successful start as expected. In order for the Daiichi Sankyo Group to continuously and globally provide value, we aim to develop the next generation of leaders by having not only external lecturers but also our own executives take the rostrum. They will focus on deepening understanding of the history, innovation, and DNA of the Daiichi Sankyo Group as a century-old company. In addition to advanced management skills, we seek to strengthen their ability to see the business from a long-term and ultra-long-term perspective.

Sustainable Growth and Further Enhancement of Corporate Value

Please share your initiatives and thoughts on realizing the 2030 Vision and enhancing corporate value.

CEO Manabe With the expansion of our oncology business and the global



strengthening of each function, it is essential to enhance our most important capital—human capital—by securing and developing talents. Additionally, we aim to realize our Purpose and Vision by promoting the One DS Culture, which is fundamental to our value creation process. In 2024, we have established the Daiichi Sankyo Group People Philosophy, focusing on creating an inclusive environment where diverse employees can maximize their abilities through mutual cooperation and trust, and where each individual's opinions are respected. Through these initiatives focusing on human resources, we will maximize “human capital” and make it the driving force for sustainable value creation, thereby enhancing corporate value even further.

Additionally, strengthening “Science & Technology,” the source of value creation, is crucial for sustainable growth. Even in uncertain fields or uncharted territories, fostering an organizational culture that encourages researchers to pursue their scientific interests, supports valuable challenges with hypotheses, repeats worthwhile challenges, and shares learnings from many failures to inform the next endeavor, is key. The accumulation of those cycles leads to the buildup of unique knowledge and experiences, which serve as a continuous source of innovation. We believe that the continued trust placed in our research and development capabilities by successive generations of management has been instrumental in driving innovation.

Our Group has positioned “creating shared value with stakeholders” as one of the strategic pillars of our current 5-year business plan. With “Passion for Innovation. Compassion for Patients.” at the core of our corporate activities, we are promoting Patient Centricity initiatives across the entire value chain. Through these initiatives, we aim to enhance our social significance by keeping patients in mind in all our business activities, and always returning to our Purpose, “Contribute to the enrichment of quality of life around the world.”

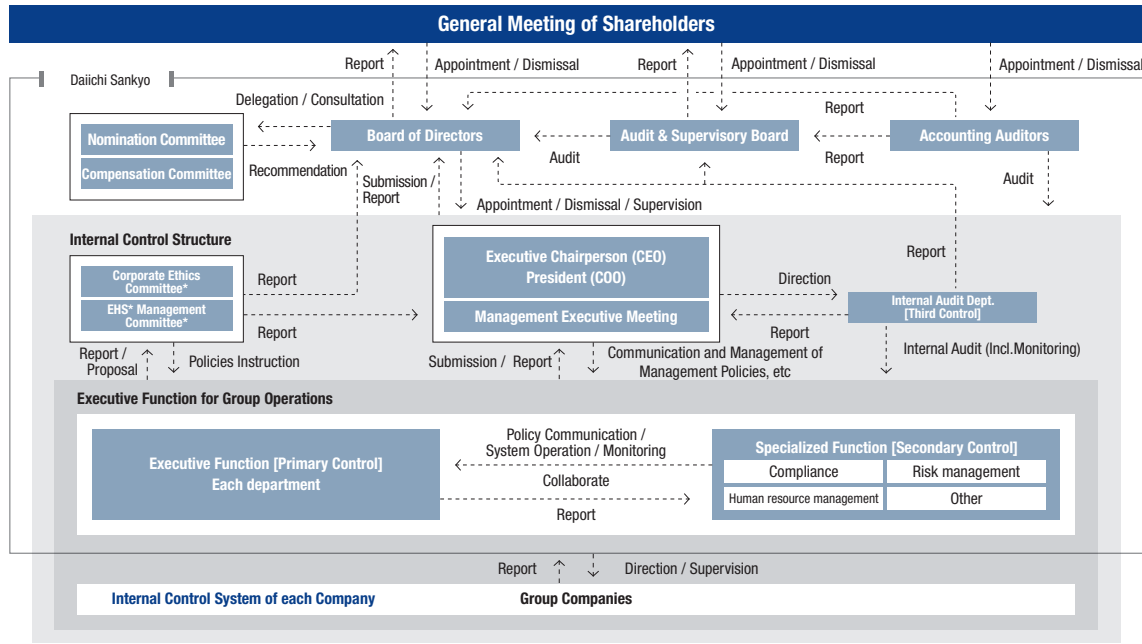
Please share the challenges to enhance sustainable corporate value, the role of the Board of Directors in addressing these challenges, and your message to stakeholders.

Director Kama To support “Science & Technology” and to continuously create innovative new medicines, we need to maintain active investment. On the other hand, while balancing returns to shareholders, we believe it is necessary to secure a flexible allocation framework that can respond to changes in the business environment, and to invest for sustainable growth and enhancement of corporate value with an eye on 2030 and beyond.

To speed up execution through the delegation of authority to the execution team, it is also important to build trust alongside optimizing the balance between oversight and execution. Although we believe that a sufficient level of trust has already been established, we aim to further enhance this relationship through discussions on the pursuit of Daiichi Sankyo's Purpose and the enhancement of corporate value.

It is necessary to have continuous discussions about what the corporate value of our company is for all stakeholders, including patients and healthcare professionals, by considering the value provided by the Daiichi Sankyo Group as a combination of social value, environmental value, and financial value. This fiscal year, we will continue to engage in high-quality discussions from a long-term perspective. By achieving sustainable growth for the company and enhancing mid- to long-term corporate value, we will ultimately meet the expectations and trust of all our stakeholders.

Overview of the Corporate Governance Structure



*The Corporate Ethics Committee and the EHS (Environment, Health, and Safety) Management Committee each held two meetings in FY2023. For more details, please refer to our website.

For information about the Corporate Ethics Committee, click [Here](#)

For information about the EHS Management Committee, click [Here](#)

Activities of the Board of Directors

- As a general rule, the Board of Directors is held once a month.
- A total of 16 meetings were held in FY2023, and all Directors and Audit & Supervisory Board Members attended all of the meetings.

*Of the Board of Directors held in FY2023, Takaaki Nishii and Miyuki Arai attended only those held after their appointment on June 19, 2023

Items Discussed by the Board of Directors: Long-term strategies and Business strategies / Annual business plan and budget / Financial results and forecast / Execution status of business investments / ESG and Materiality KPI / Risk management / Internal audit plans and results / Selection of candidates for Directors and Audit & Supervisory Board Members / Selection of Representative Directors and Executive Directors / Revision of Global Management structure and organizations / Selection of CxOs, Unit Heads and Heads of Global Corporate Function in Global Management structure / Selection of Corporate Officers / Selection of candidate representatives of major Group companies / Board evaluation / Payment of annual performance-based bonuses to Directors and Corporate Officers / Compensation amounts for individual Directors and Corporate Officers / Evaluation coefficients for Medium-term performance-based share compensation / Payment of monetary compensation receivables for restricted shares and disposal of own shares / Daiichi Sankyo Group Monthly Business Report

Nomination Committee, Compensation Committee, and Audit & Supervisory Board

	Nomination Committee	Compensation Committee	Audit & Supervisory Board
Chairperson	Outside Director	Outside Director	Full-time Audit & Supervisory Board Member
Composition	5 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	5 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	2 Full-time Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Purpose	To deliberate matters required for selection and dismissal of the CEO/COO, successor plan of the CEO, and selection of candidates for Directors, at the request of the Board of Directors, and contribute to the enhancement of management transparency and oversight functions.	To deliberate matters required for a policy on compensation of Directors as well as the individual amounts of compensation at the request of the Board of Directors and contribute to the enhancement of management transparency and oversight functions	To receive reports on important matters related to auditing, and then discuss said matters or make resolutions on them. (However, the Audit & Supervisory Board cannot prohibit an Audit & Supervisory Board Member from exercising their rights)
Number of meetings held in FY2023	9	11	14

Message from the Chairperson of the Board

As the new chairperson, I have strived to operate with a clear separation between the execution and oversight of the management. With the revised standard for submitting deliberation and reported matters of the Board, we are now able to allocate sufficient time for deliberation, leading to more active discussions. I believe that the Board of Directors was able to support the executive side by holding multiple discussions regarding the strategic partnership with Merck. An additional Outside Director was appointed, bringing the number of Inside and Outside Directors to five each. In our efforts to optimize the composition of the Board of Directors, we recognize challenges related to the total number of members, the ratio of Inside to Outside Directors as well as diversity in terms of gender and international representation, and we will continue to review these matters. This fiscal year, we will continue to enhance discussions aimed at the sustainable growth of our group, supporting the executive side with offensive governance while also ensuring that we fulfill our supervisory role with defensive governance. In doing so, we will consistently keep in mind the perspectives of our stakeholders, including patients and healthcare professionals.



Outside Director
(Independent Director)

Kazuaki Kama

Corporate Governance

In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, Daiichi Sankyo Group is working to secure legal compliance and management transparency and to strengthen oversight functions over management and the conduct of operations. We place great 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, Daiichi Sankyo has established the Nomination Committee and the Compensation Committee as voluntary committees. In addition to that, a female Director has been appointed since 2019. With the aim of promoting the separation of execution and supervision and increasing the transparency and supervisory function of the Board of Directors, an Outside Director has served as the Chairperson of the Board of Directors since 2020. In 2024, a new Outside Director was appointed, bringing the total to five.

Through these efforts, we are committed to establishing the governance system for

Changes in the Corporate Governance Structure

	2007	2014	2016	2017	2018	2019	2020	2021	2022	2023	2024
Chairperson of the Board	Chairman	CEO				Chairman	Outside Directors				
Directors	Outside	4 persons				4 persons, including 1 female member					5 persons, including 1 female member
	Inside	6 persons			5 persons						
Audit & Supervisory Board Members	Outside	2 persons	2 persons, including 1 female member	3 persons, including 2 female members							
	Inside	2 persons								2 persons, including 1 female member	
Nomination Committee	2 Outside persons and 1 Inside person	4 Outside persons	4 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)							5 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)	
Compensation Committee	2 Outside persons and 1 Inside person	4 Outside persons	4 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)							5 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)	
Compensation System (Incentives)	Short term: Annual performance-based bonus								Clawback provision		
	Long term: Share remuneration-type stock option				Long term: Restricted share-based compensation				Long term: Medium-term performance-based share compensation		
Corporate Governance Code		Explained about 3 items immediately after applying the Code	Complied with all the items	Explained about 1 item after revision	Complied with all the items						

Corporate Governance Structure

To clarify Directors management responsibility and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and five out of our ten Directors are Outside Directors. Since June 2020, an Outside Director has been appointed Chairperson of the Board of Directors. To ensure management transparency, the Company has established two voluntary committees as advisory bodies to the Board of Directors: the Nomination Committee and the Compensation Committee. Both committees respectively deliberate on selections or dismissals of CEO and COO, the succession plan of CEO, selections of Director and Audit & Supervisory Board Member candidates, the compensation policy for Directors, the individual amounts of compensation of Directors, and other matters. It is comprised by five Outside Directors and one Outside Audit & Supervisory Board Member participates as the observer in each committee. For audits of legal compliance and soundness of management, the Company has adopted an Audit & Supervisory Board system and established the Audit & Supervisory Board comprising five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members. The Company prescribes specific criteria on the judgment 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

the Board of Directors to make important business decisions and oversee its management appropriately, establishing an internal control system that ensures proper delegation of power from the Board of Directors, and making sure the Board of Directors will improve its function and effectiveness.

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

Management Executive Meeting with CxOs, Unit Heads, and Heads of Global Corporate Functions 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 to consist 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 functions over the management and the execution of business.

Requirements for Director Candidates

Directors shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Group. Directors shall meet the requirements of being appropriate persons with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc. Directors shall meet the requirements that they are the individuals with expertise, experience, and insight in one or more of the following fields: corporate management and management strategy, finance and accounting, science and technology, business strategy and marketing, global business, human resources and HR development, legal and risk management, sustainability and ESG, and/or DX and IT. Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making functions, based on various perspectives and to strengthen the oversight function over the conduct of operations. In

principle, it is a requirement that Outside Directors have no more than three concurrent positions as officers of listed companies, excluding the Company. Outside Directors and Outside Audit & Supervisory Board Members shall be confirmed to have no problems according to specific criteria on the judgment of independence. Directors should attend the Board of Directors and maintain an attendance rate of at least 75% or more unless there are unavoidable circumstances. The Company recognizes that ensuring the diversity of Directors particularly in terms of gender, nationality, race, etc. as well as incorporating diverse opinions into management are important for strengthening the decision-making functions and the oversight function of the Board of Directors. The Company will continue to discuss the selection of candidates for Directors with such aspects in mind.

Skill Matrix of the Board of Directors

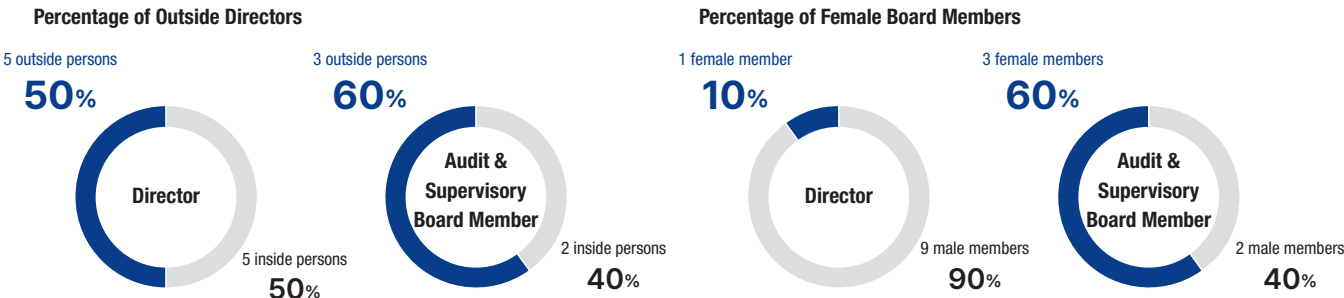
The Company has identified the skills (knowledge, experience, and abilities) that Board of Directors should possess to properly fulfill its decision-making and management oversight functions, and has set up Skill Matrix that organizes the possession status of such skills by Directors and Audit & Supervisory Board Members. In light of our Purpose, Mission, and mid-to-long-term management direction and business strategy, the Company has identified the nine (9) 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.

Skill Matrix

	Name	Outside Independent	Term of office	Board of Directors	Nomination Committee	Compensation Committee	Corporate Management/ Management Strategy	Finance/ Accounting	Science & Technology	Business Strategy/ Marketing	Global Business	Human Resources/ Human Resource Development	Legal/Risk Management	Sustainability/ ESG	DX/IT	Qualification
Director	Sunao Manabe		10 years	○			●		●	●	●	●		●		Veterinarian
	Hiroyuki Okuzawa		3 years	○			●	●		●	●	●	●			
	Shoji Hirashima		4 years	○			●	●	●	●	●		●			
	Takashi Fukuoka		2 years	○			●		●		●			●		Veterinarian
	Takashi Matsumoto		-	○			●				●	●		●		
	Kazuaki Kama	○	5 years	◎ Chairperson	○	○	●	●			●	●	●	●		
	Sawako Nohara	○	5 years	○	○	◎ Chairperson	●		●	●				●	●	
	Yasuhiro Komatsu	○	2 years	○	○	○			●			●	●			Doctor
	Takaaki Nishii	○	1 year	○	◎ Chairperson	○	●			●	●	●		●		
	Yo Honma	○	-	○	○	○	●			●	●	●		●	●	
Audit & Supervisory Board Member	Kenji Sato		5 years	○					●			●	●			
	Miyuki Arai		1 year	○					●				●			Pharmacist
	Yukiko Imazu	○	6 years	○		□ (Observer)						●	●			Lawyer
	Masako Watanabe	○	3 years	○				●					●			Certified public accountant
	Mitsuhiro Matsumoto	○	2 years	○		□ (Observer)						●	●			

Composition of the Board of Directors and 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, the Board of Directors shall select the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority. When selecting the candidates for Directors and Audit & Supervisory Board Members, the General Shareholders Meeting shall select them after the relevant proposal. 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 execution of the duties defined in the Companies Act or the Directors Regulations, following deliberation at the Nomination Committee and the Board of Directors, the General Meeting of Shareholders shall deem that it meets criteria for dismissal of Directors, and resolve dismissal of such Director after the relevant proposal. Dismissal of CEO and COO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for the execution of duties, and determined in the same manner as appointment, by resolution of the Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

Message from the Chairperson of the Nomination Committee

I believe that the role of the Nomination Committee is to thoroughly deliberate and make recommendations to the Board of Directors in order to select and dismiss the CEO, COO, and other key executives who will lead our company as an “innovative global healthcare company,” and to establish the appropriate structure of the Board and the Audit & Supervisory Board, considering the necessary skills that the Board should possess. Last year, the Nomination Committee undertook activities essential for the succession plan, including monitoring the effectiveness of the newly established CEO and COO structure and the advancement of our global management structure, as well as conducting interviews with potential next-generation leaders. Additionally, the committee deliberated on the composition-related issues of the Board of Directors, including the number of members, the ratio of Inside and Outside Directors, and diversity, including the appointment of women. Based on these discussions, we provided recommendations to the Board of Directors regarding this year's structure. This year, our global management is expected to progress even further. I anticipate that discussions related to the 6th 5-year business plan will also become more active. With this in mind, the Nomination Committee will deepen its discussions accordingly.



Outside Director
(Independent Director)
Takaaki Nishii

Message from the Newly Appointed Outside Director

Daiichi Sankyo is leveraging its strengths in Science & Technology to contribute to the realization of its purpose of “contributing to the enrichment of quality of life around the world.” This involves the creation of innovative pharmaceuticals, the development of a total care ecosystem, and the construction of a total care platform in collaboration with other companies. Additionally, the company is striving to achieve “Healthcare as a Service (HaaS),” which aims to provide optimal health and medical services tailored to each individual. For many years, I have been committed to contributing to the growth of numerous businesses by leveraging IT and digital technologies, as well as addressing various social issues. Our company has set forth our 2030 Vision to become an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” To achieve this, we are actively promoting digital transformation (DX) by creating new value through the utilization of data and effectively leveraging advanced digital technologies. To ensure that these initiatives lead to tangible results, I aim to contribute by leveraging my experience and expertise in areas such as DX and IT, global operations, and sustainability and ESG perspectives.



Outside Director
(Independent Director)
Yo Honma

Approach to Director’s Compensation

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

Compensation policy

Compensations to Directors are designed based on the following ideas.

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

Compensation level

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

Composition of compensation for Directors (excluding Outside Directors)

The compensation structure consists of four components: basic, fixed compensation, annual performance-based bonuses, which is a variable compensation serving as short-term incentive, and restricted share-based compensation and medium-term performance-based share compensation serving as long-term incentive. Retirement benefit system is not adopted.

Composition of compensation for Outside Directors

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

Ratio of the composition of compensations

The composition ratio of the compensation for the President and CEO is designed as shown in Figure 1. The ratio of the composition of compensations of other Directors (excluding Outside Directors) will be determined in consideration of the responsibilities and the level of compensation according to the ratio of composition of compensation of Representative Director, President and CEO.

Basic compensation

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

(Figure 1) Ratio of the Composition of Compensations



Annual performance-based bonuses (short-term incentive)

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

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

1. Calculation formula for annual performance-based bonuses

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

2. Performance evaluation

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

The performance evaluation of the Executive Chairperson and the President will be determined after deliberation at a joint meeting of the Nomination Committee and the Compensation Committee.

For other Directors, the evaluation decided by CEO after deliberation at the performance 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 the Board of Directors of the Company, and Directors will pay the paid monetary compensation receivables as in-kind contribution assets of the Company’s ordinary shares and will be issued them.

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

Message from the Chairperson of the Compensation Committee

I will continue to serve as the Chairperson of the Compensation Committee this year. The Compensation Committee deliberates and discusses matters related to the compensation policy and compensation system for our Company’s executives and provides recommendations to the Board of Directors.

The current executive compensation system, established in FY2021, is planned to be continuously implemented until FY2025, during the current 5-year business plan period. However, as our Group expands its oncology business, the development of personnel policies related to globalization, such as the global management structure and global HR system, is rapidly progressing. Therefore, in addition to our usual deliberations, we plan to receive reports on the compensation of top executives within the global management structure, including CxOs, Unit Heads, and Heads of Global Corporate Function. We will also examine and discuss future issues and points of consideration regarding our executive compensation system by analyzing the compensation systems and trends at benchmark companies both domestically and internationally.



Outside Director
(Independent Director)
Sawako Nohara

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

Medium-term performance-based share compensation, which is a long-term incentive compensation, will be a trust-type share compensation system that has the nature of performance share (performance-based share compensation) for Directors (excluding Outside Directors) and the Corporate Officers as compensation based on the achievement of the performance of the 5-year business plan in order to promote management with an emphasis

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

*Abbreviation of Total Shareholder Returns

Clawback provision

Daiichi Sankyo will set forth a clawback clause that can request the refund of part or all of the compensation received for annual performance-based bonuses and medium-term performance-based share compensation by the resolution of the Board of Directors after consultation with the Compensation Committee in the event that a material accounting error or fraud, or record of a significant impairment loss occurs. This clause will be applied from the FY2021 annual performance-based bonus and medium-term performance-based share compensation and will be applied for all periods thereafter.

Compensation Governance and Decision-making Process

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

on increasing shareholder value over the mid-to-long-term. The indicators for the achievement of the 5-year business plan targets include not only financial indicators, but also non-financial indicators such as research and development progress and ESG indicators. The performance-based coefficient is determined within the range of 0% to 200% according to the degree of achievement of those targets.

and the chairperson is appointed by mutual appointment of the members. The Compensation Committee fully discusses the compensation policy, the level of compensations, the composition of the compensation, the ratio of the composition of compensations, Clawback provision, the compensation governance and decision-making process, amount of annual performance-based bonuses, allocation of restricted share, and result of medium-term performance-based share compensation. In addition, the Compensation Committee discusses and confirms the detailed design of indices for the achievement of each compensation, and also verifies the compensation levels for each position.

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

See [Here](#) for an overview of the compensation system

Exchange with the largest market capitalization. The Company also refers to the levels of other leading domestic pharmaceutical companies. The amount of the compensation for each Audit & Supervisory Board Member has been determined through the discussion and with the unanimous consent in the Audit & Supervisory Board meetings within the total amount of the compensation approved by the General Shareholders Meeting.

Enhancing the Effectiveness and Functions of the Board of Directors

The Company utilizes the board evaluation in order for the 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 the 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 the Board of Directors Evaluation for FY2023

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

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

All Directors and Audit & Supervisory Board Members self-evaluated the above matters by selecting grades and answering free descriptions, and the analysis results and the details are reported to the Board of Directors. 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 which leads to improvements in the Board of Director’s functions and effectiveness.

Results of the Board Evaluation for FY2023

The result of the Board of Directors Evaluation for FY2023, concluded that in terms of its roles, responsibilities, operation and composition, the Board of Directors of the Company, as well as the Nomination Committee and the Compensation Committee, which are advisory bodies to the Board of Directors, are functioning appropriately, and that the effectiveness of the Board of Directors 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 improvements in the evaluation of the previous fiscal year, with the following efforts.

Issues for Improvement (identified in FY2022)		Major Initiatives in FY2023
1	Enhancement of discussions on key matters to strengthen the oversight function of the Board of Directors	<ul style="list-style-type: none">• In the Board of Directors and the meetings for Outside Directors and Outside Audit & Supervisory Board Members, and others, the Board of Directors especially focused on the discussions regarding long-term strategies, globalization, materiality, ESG, and risk management.
2	Strengthening in terms of operation to strengthen the Board of Directors' decision-making and oversight functions	<ul style="list-style-type: none">• The Company discussed the optimal balance between oversight and execution for the Company and operated the Board based on revised optimizing matters for deliberation and reported matters of the Board of Directors.• The Company revised the optimizing matters for deliberation and reported matters of the Nomination Committee and Compensation Committee which were advisory boards of the Board of Directors from the perspective of the optimal balance between oversight and execution for the Company, revised “Nomination Committee Regulations” and “Compensation Committee Regulations” and operated these Committees.• The Company has continued to set up opportunities for discussion, including occasions other than the Board of Directors (e.g. 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).
3	Further considerations for optimizing the Board of Directors composition	<ul style="list-style-type: none">• In the Board of Directors and Nomination Committee, the members discussed the optimal composition of members of the Board for the Company with the objective of enhancing corporate governance and further strengthening the oversight functions of the Board of Directors.• The additional appointment of one Outside Director was resolved on the Board of Directors.

Priority Measures for FY2024

Drawing on the evaluations of FY2023, the Company endeavors to ensure and improve the functions and effectiveness of its Board of Directors. To such end, the Company will implement the following priority measures in FY2024:

- 1 Enhancement of discussion on key matters for further strengthening the oversight functions of the Board of Directors (long-term strategy, 5-year business plan, globalization, etc.)
- 2 Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board of Directors
- 3 Further considerations for optimizing the Board of Directors composition

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

Status of Audit by Audit & Supervisory Board Members for FY2023

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

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

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

Activities of Audit & Supervisory Board and its Members

As a general rule, Audit & Supervisory Board meeting is held once a month. Aside from Audit & Supervisory Board meetings, exchanges of views among Audit & Supervisory Board Members are held after the Board of Directors (the Board), etc. 20 proposals were placed on the meeting agenda this fiscal year, and approximately 130 minutes was devoted to a regular monthly Audit & Supervisory Board meeting on average.

Specific Sharing and Considerations in Audit & Supervisory Board meetings

- Audit policy, audit plans, and division of duties
- Audit Report by Audit & Supervisory Board
- Consent for the Proposal in General Shareholders Meeting “Election of Audit & Supervisory Board Members”
- Evaluation and appointment /reappointment of Accounting Auditors
- Consent for Remuneration of Accounting Auditors
- Evaluation of the effectiveness of Audit & Supervisory Board
- Internal audit plans and the results
- Non-assurance services by provided Accounting Auditors
- Status report on audit by Audit & Supervisory Board Members of domestic Group companies
- Monthly execution status of duties by Audit & Supervisory Board Members

Activities of Audit & Supervisory Board Members

Activities		Relevant Members
Regular Meetings with Representative Directors	Held twice a year	Full-time / Outside
Regular Meetings with Chairperson of the Board	Held twice a year	Full-time
Meetings with Directors	Held once a year	Full-time
Attendance at important meetings	The Board, Executive Management Committee	Full-time / Outside
	Corporate Ethics Committee and EHS Management Committee	Full-time
	Nomination Committee and Compensation Committee	Outside
Attendance at important meetings of the domestic Group companies	Acting as Part-Time Audit & Supervisory Board Members of the principal domestic Group companies, attendance in meetings of bodies such as the Board and Executive Management Committee meeting of such companies and perusal of important documents of such companies	Full-time
Perusal of documents	Important documentation that includes important approval documents, materials and minutes of important meetings	Full-time
Interviews by Audit & Supervisory Board Members	All Heads of Unit, Heads of global corporate functions, Heads of Division, Vice Presidents (department), Presidents of domestic and overseas Group companies, etc.	Full-time / Outside
Visits by Audit & Supervisory Board Members	Major domestic and overseas business sites	
Cooperation with Outside Directors	Holding meetings to exchange views	Outside
	Holding individual interviews	Full-time
Meetings with Audit & Supervisory Board Members of domestic Group companies	Held three times a year	Full-time
Cooperation with secondary control corporate functions	Receiving reports on the status of establishing and implementing the internal control system, as well as obtaining relevant information	Full-time
	Receiving explanation of Reporting internal audit plans and the results	Full-time / Outside
Cooperation with the Internal Audit Department	Engaging in exchange of views, confirming audit points before internal audits, information-sharing and exchange of views at monthly meetings etc.	Full-time
	Attendance of 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, audit/quarterly review results, results of internal control audit (J-SOX), and engaging in information-sharing and exchange of views on recent topics on a monthly basis, consultation about Key Audit Matters (KAM)	Full-time / Outside

Audit & Supervisory Board Evaluation for FY2023

Audit & Supervisory Board evaluation for FY2023 is conducted to heighten its effectiveness of the Audit & Supervisory Board.

Method of the Audit & Supervisory Board evaluation

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

Evaluation results of the Audit and Supervisory Board

The results confirmed that Audit & Supervisory Board largely carries out its activities appropriately and that its effectiveness has been ensured.

In the next fiscal year, Audit & Supervisory Board will pay particular attention to the status of further strengthening corporate functions in the midst of global business expansion, as well as monitoring the progress of building a data-driven management platform.

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 discuss the challenges that lie ahead for enhancing the corporate value of our group.
- ② What are the types of governance that is appropriate for our company and your initiatives to improve transparency and fairness?



Outside Audit & Supervisory Board Member (Independent Auditor)

Yukiko Imazu

① It is of utmost importance that our company complies with laws and regulations and maintains a constant awareness of legal risks to maintain a sound corporate governance system that lives up to society's trust in the Company. Based on my many experiences as an attorney-at-law, I have contributed to the sound and legal corporate management of Daiichi Sankyo by expressing my opinions objectively as an Outside Audit & Supervisory Board Member with a legal mindset, thereby avoiding unnecessary legal risks.

② To improve the transparency and fairness of corporate management, it is necessary not only to further strengthen internal autonomy and self-regulatory functions but also to be always mindful of external perspectives. In addition to having an Outside Director serving as Chairperson of the Board since 2020, Outside Directors and Outside Audit & Supervisory Board Members participate very actively in discussions of the Company, resulting in a highly transparent and fair corporate governance system that fully reflects the opinions of Outside Directors and Outside Audit & Supervisory Board Members. I will continue to make every effort to further improve the transparency and fairness of our corporate management, fully aware of the importance of the role expected from an Outside Audit & Supervisory Board Member.



Outside Audit & Supervisory Board Member (Independent Auditor)

Masako Watanabe

① Based on my extensive experience and knowledge as a certified public accountant, having conducted audits of numerous companies' financial statements, I have actively provided insights and verified the appropriateness of financial reporting, the nature of information disclosure—including non-financial information—and the effectiveness of internal control systems from an external perspective. Through these efforts, I have contributed to enhancing governance functions. Additionally, I have facilitated effective communication with internal audits (Global Internal Audit) and the accounting auditors, contributing to the enhancement of audit effectiveness and efficiency.

② As our stakeholders continue to expand, the importance of transparency and fairness in corporate management has increased. To enhance these aspects, it is essential to have a governance system that allows external directors to accurately understand the actual state of the company's management and effectively reflect their opinions. At our company, we continuously implement initiatives such as pre-meeting briefings, opinion exchange sessions, and site visits to deepen the understanding of external directors about our business. These efforts contribute to active Board of Directors and Audit & Supervisory Board meetings. Going forward, we will continue to hone our skills and diligently fulfill our role as auditors to contribute to the enhancement of transparency and fairness in corporate management.



Outside Audit & Supervisory Board Member (Independent Auditor)

Mitsuhiro Matsumoto

① Where cyberattacks and economic security issues are among the factors that could impede the smooth development of our global structure. Drawing on my experience in addressing these challenges, I tried my best to provide the necessary checks as an Audit & Supervisory Board Member. With globalisation and the alliance with Merck & Co., Inc., our stakeholder base, is expanding further; we need to gain and retain their trust. We must further consolidate our governance to this end.

② To gain investor confidence, risks must be operated fairly. Organisational practices and behaviors perceived as opaque or unfair by global standards create reputational risks. Constant efforts must also be made to eliminate external diseconomies. In order for R&D, manufacturing, quality assurance, sales and marketing and other business sites to contribute to society and continue to earn the trust of the market, it is necessary to create a fair governance system makes risk factors transparent, eliminates them and prepares for unforeseen risks.

Introduction of Directors and Audit & Supervisory Board Members

Directors



Representative Director,
Executive Chairperson & CEO

Sunao Manabe



Representative Director,
President & COO

Hiroyuki Okuzawa



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

Shoji Hirashima



Director, Senior Executive Officer,
Head of Global Corporate Strategy,
CSIO

Takashi Fukuoka



Director, Executive Officer,
Head of Global HR, CHRO

**Takashi
Matsumoto**



Outside Director (Independent Director),
Chairperson of the Board

Kazuaki Kama

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



Outside Director (Independent Director),
Chairperson of the Compensation
Committee

Sawako Nohara

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



Outside Director
(Independent Director)

Yasuhiro Komatsu

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



Outside Director
(Independent Director),
Chairperson of the Nomination
Committee

Takaaki Nishii

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



Outside Director
(Independent Director)

Yo Honma

(Material Concurrent Position)
• Chief Corporate Advisor of NTT Data
Group Corporation



Outside Audit & Supervisory
Board Member
(Independent Auditor)

Yukiko Imazu

(Material Concurrent Positions)
• Partner, Attorney-at-Law, Anderson
Mori & Tomotsune
• Outside Director and Audit &
Supervisory Committee Member,
dip Corporation
• Outside Director, ALCONIX CORPORATION



Outside Audit & Supervisory
Board Member
(Independent Auditor)

Masako Watanabe

(Material Concurrent Position)
• Outside Director, Sakata Seed Corporation

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Kenji Sato



Audit & Supervisory Board Member

Miyuki Arai



Outside Audit & Supervisory
Board Member
(Independent Auditor)

Mitsuhiro Matsumoto

(Material Concurrent Position)
• Outside Director of Japan Exchange
Group, Inc.

For the biographies of the executives, please refer [here](#)