

Human Capital

Approach to Human Resources Strategy

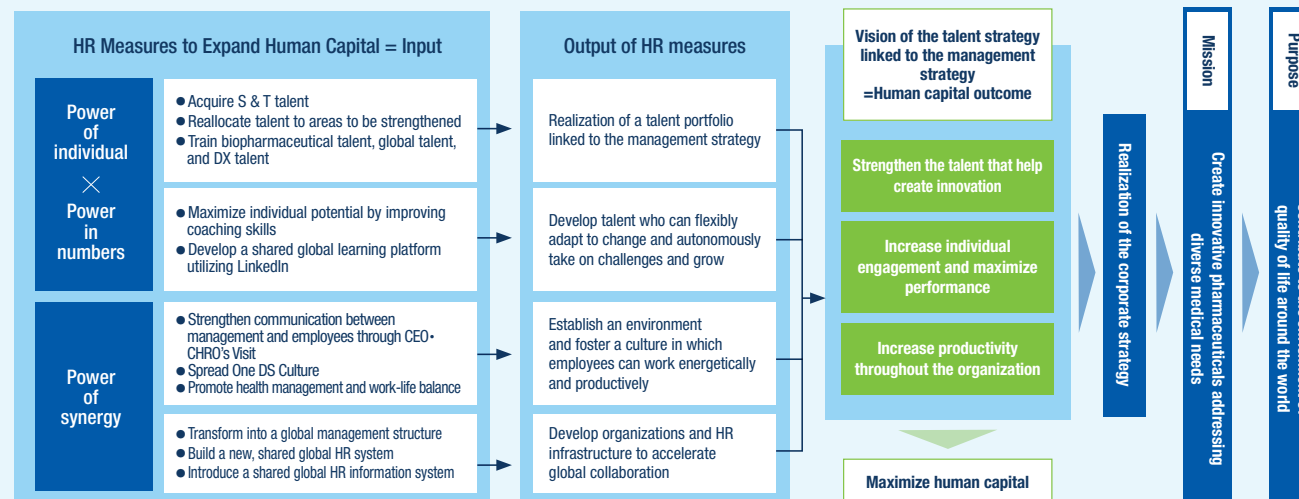
At the Daiichi Sankyo Group, our employees are our most important asset. We are investing in our workforce to create powerful and sustainable value toward the realization of our Purpose.

In short, our human resources strategy is aligned with our business strategy. We focus on three elements:

- The power of the individual: continuously developing and supporting individuals,
- The power in numbers: deploying talent in key strategic areas, and
- The power of synergy: creating an environment and mechanisms that lead to synergy among people and organizations.

While actively engaging each element, we verify the effectiveness of initiatives and further refine our human capital allocation and expansion. Additionally, we have established a People Philosophy as a shared global overarching concept and guideline for decision-making in human resources strategy.

For information about the People Philosophy, click [here](#)



Realizing a talent portfolio linked to the management strategy

Acquisition of Science & Technology (S&T) Talent

To realize our management strategy, we are strengthening talent acquisition globally with a focus on enhancing S&T, which is the source of our competitive advantage. In FY2024, we hired 2,023 career professionals worldwide, primarily in areas of clinical development and technology (Japan: 267, US: 836, Europe: 329, ASCA region: 591). Among them are multiple individuals with extensive experience and skills who were involved in global new drug business for many years at global major pharma companies and the FDA^{*1}. In Japan, where we have core research functions, we continue to focus on attracting and developing PhD talent and highly specialized talent to lead future R&D (18 in FY2022, 21 in FY2023, 31 in FY2024). We are also actively hiring in our production technology division which plays a critical role in ensuring the stable supply of ADC products.

^{*1} **U.S. Food and Drug Administration:** The FDA is a U.S. federal agency responsible for protecting public health by overseeing and ensuring the safety, effectiveness, and quality of drugs, medical devices, the nation's food supply and more.

Initiatives in Japan for Specialized Talent Development

Our group's global business is growing at an accelerating pace, and the business environment is undergoing rapid change. Accordingly, the skills required of our employees are also evolving significantly. To respond accurately and swiftly to these changes, we have identified three areas to continue strengthening within Japan: Biopharmaceutical (process development, manufacturing, quality assurance, regulatory affairs, etc.), Global Business, and DX.

In addition to proactive hiring and personnel reallocation to these areas, we are enhancing talent mobility to strategic areas through an internal job posting system (Career Challenge System) aimed at employees' self-motivated career development and up-and reskilling.

Specialized Professional Development (Focus Areas)		Desired Talent Profile
Biopharmaceutical Professional	(Antibody Manufacturing Process Development)	Individuals who thoroughly understand the manufacturing processes related to biopharmaceuticals and can conduct process development research that contributes to drug discovery research and cost reduction of 5DXd ADCs.
	(Quality Control/Assurance, Regulatory Affairs, Manufacturing)	Individuals who understand the manufacturing processes of biopharmaceuticals and can demonstrate expertise within the technology unit and across the entire value chain to advance biopharmaceutical-related operations.
Global Professional (Global Business Areas in Various Departments)		Individuals who can rapidly and equitably share information and decision-making globally, possess global skills (such as proficiency in English, cross-cultural adaptability, and an international perspective), and are capable of performing global tasks regardless of their location.
DX Professional (Global DX and DX-Related Business Areas in Various Departments)		Individuals who understand both the business requirements and digital/data aspects across the Daiichi Sankyo Group's value chain, and can drive DX transformation in existing businesses and operational processes.

Specific Initiatives for Biopharmaceutical Talent Development (Initiatives in the Technology Unit)

The development and stable supply of ADC products requires cultivating strong talent with specialized knowledge (process development, manufacturing, quality assurance, regulatory affairs, etc.). The Technology Unit is developing and securing talent from a medium- to long-term perspective by strengthening our recruitment activities, early development, training manufacturing engineers, and seamless personnel exchange across organizational and functional boundaries.

We are recruiting top talent through internship activities targeting students from technical colleges. For the development of manufacturing engineers, we made significant capital investments to create a dedicated training environment. In April 2024, we launched the Manufacturing Operator Development Program, which accelerates the efficient development of biopharmaceutical talent. We are also systematically advancing hands-on training education using actual manufacturing equipment.

Furthermore, leveraging our strength as a global unit that integrates functions from early development to commercial production, we are also focusing efforts on seamless people exchange. During the startup of ADC manufacturing facilities at the Pfaffenhofen plant in Germany, European manufacturing engineers worked in our factories in Japan to acquire technology expertise, advancing the development of engineers through cross-border collaboration. We will continue to actively develop and strengthen the talent needed to deliver a stable supply of high-quality pharmaceuticals to patients around the world.

DS Academy

We established an internal leadership training program called DS Academy in FY2024 with the purpose of developing next-generation global leaders. This program targets approximately 30 executive candidates globally and aims to build engagement around Daiichi Sankyo's DNA through the acquisition of advanced management and leadership skills, as well as cultivating an enterprise mindset and deepening understanding of our culture. Management members are fully committed to this program and are directly involved in participant development through interactive discussions and mentor sessions with participants.

Two DS Academy participants, Director, Executive Officer Ueno and Corporate Officer Abe, join as Executive Management Committee (EMC) members, demonstrating that next-generation leader development is progressing dynamically.

Details of DS Academy

Period	From April 2024 for two years (to be conducted as a pilot program, with full-scale implementation planned from 2026)
Method	In-person training sessions, group discussions, and mentoring sessions with EMC members, etc.
Participants	Approximately 30 people (Vice President level, by nomination)
Contents	<ul style="list-style-type: none"> Core Skill Development (e.g., entrepreneurship, leadership, industry environment, vision, and strategy) Understanding DNA of DS (e.g., DS history, Core Values & Behaviors, Patient Centricity)

Message from the Dean of DS Academy

Starting with Tokyo in April 2024, we have conducted three in-person sessions of the flagship program in Germany and the United States.

Through diverse experiences including dialogue with three former CEOs and visits to production sites in Japan and Germany, as well as the Research Institute Boston that are producing innovative results, we are broadening participants' perspectives and knowledge.

In addition to in-person sessions, we provide opportunities for active mutual learning and networking among participants by conducting follow-up sessions involving management and project discussions on company-wide challenges in virtual format.

Through this program, participants gain a deep understanding of our company's history and the background behind decision-making, while comprehensively grasping company challenges and engaging in serious discussions from a global perspective. I find it reassuring to see them working hard to tackle management challenges as global leaders who embody Daiichi Sankyo's DNA, while motivating each other to excel.

EMC members also participate as mentors, absorbing new perspectives and learnings from participants, forming a model of mutual growth. I look forward to them leading the company's growth globally as leaders who will carry Daiichi Sankyo's future.



Dean, DS Academy
Senior Executive Officer,
Head of Global Corporate
Planning & Management, CFO

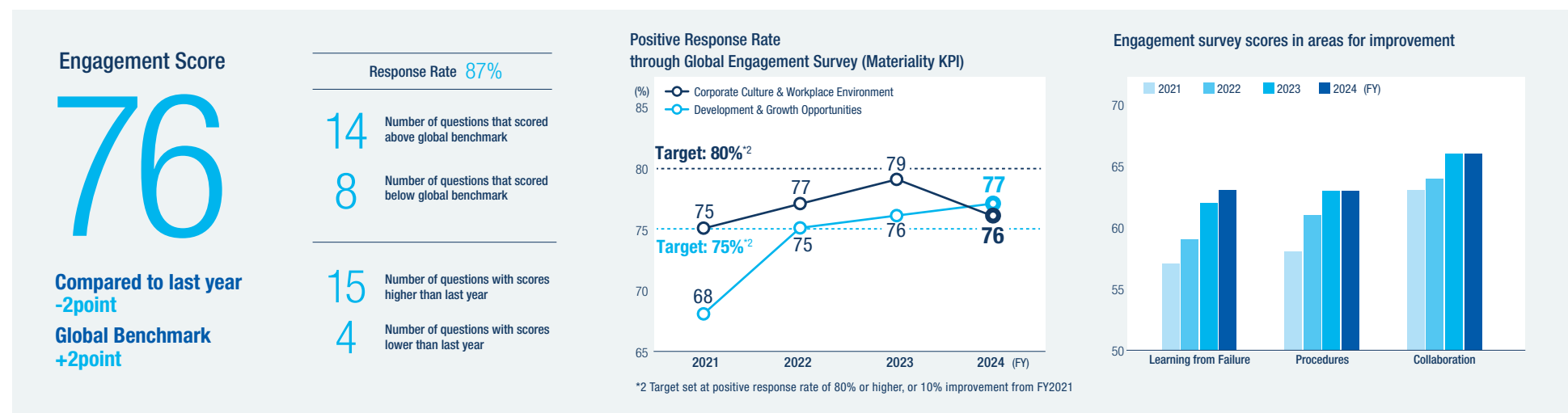
Koji Ogawa

Fostering a culture in which employees can work energetically and productively

One DS Culture

Our group's unique corporate culture, One DS Culture, is the foundation of our value creation. By permeating this culture throughout the group, we believe the global organization can work more cohesively to realize our Purpose. We use engagement surveys conducted globally since FY2021 to understand the current level of adoption and challenges and leverage those learnings and insights from employees to improve over time.

*Conducted for all global employees once a year, featuring 28 survey questions



Progress and Challenges of Engagement Survey

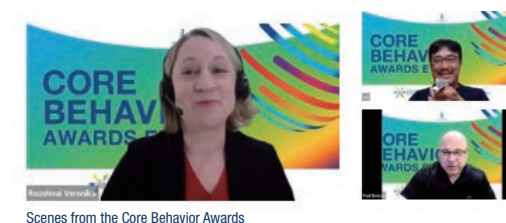
From FY2021 to FY2023, our group's engagement scores exceeded established global benchmark levels, but "Learning from Failure, Procedures and Collaboration" were areas for needed improvement. Management members discussed countermeasures for these areas and established "Learning from Experience" as a global commitment, implementing initiatives accordingly, leading to improvements in our scores in this area the following year.

In the FY2024 survey, while the "Engagement Score" and "Positive Response Rate for Corporate Culture & Workplace Environment" declined slightly from the previous year, the engagement score remained at a level above the global benchmark.

Based on the FY2024 results, we identified "Learning from Failure, Procedures, and Action Taking (post-survey response)" as areas with further room for improvement. Through discussions among management members, we have established "Foster an Environment where we Improve Procedures by Learning from Experiences" as our FY2025 global commitment and are advancing company-wide initiatives.

Specific initiative: Core Behavior Awards

Since 2022, we have hosted the 'Core Behavior Awards,' where the winners are honored during a globally streamed event. These awards recognize employees who proactively embody our Daiichi Sankyo Core Behaviors, fostering a sense of unity across our entire Group. They deepen understanding and adoption of these behaviors through the sharing of exemplary role models. In addition, in FY2024, we introduced the 'Culture Ambassador Awards' to honor the efforts of Culture Ambassadors who are driving the One DS Culture within their respective organizations. The celebration event has received highly positive feedback from participants saying it is 'a valuable opportunity to feel connected globally' and 'a great chance to learn from real-world examples.'



Developing HR infrastructure to accelerate global collaboration

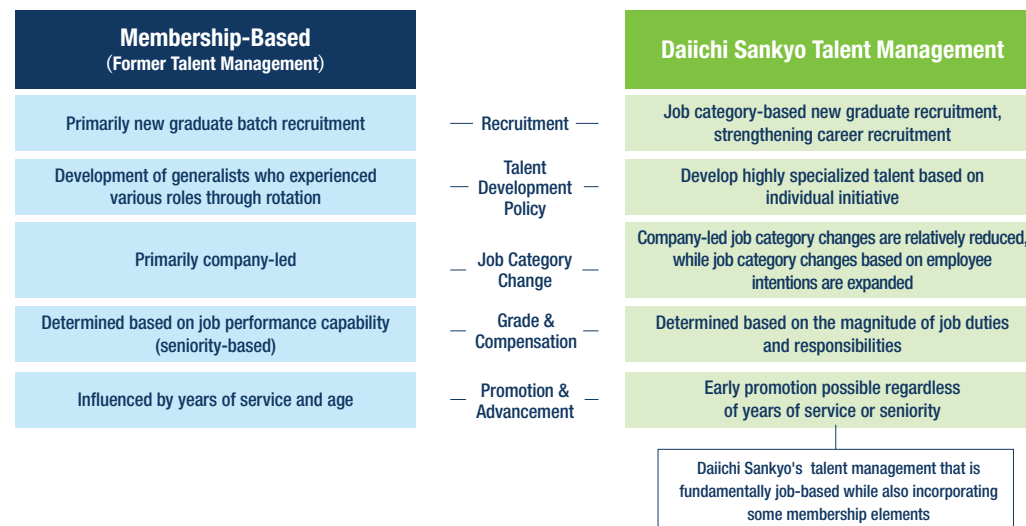
Overview of New Global Common HR System

Our group is developing and implementing a global HR processes to strengthen collaboration and generate synergies across the globe. By standardizing the key components for global collaboration that transcends across countries and regions, while taking into account the laws and practices of each country and region, we will enable smoother global collaboration and improve overall group performance.

Daiichi Sankyo's Distinctive Talent Management

By introducing a global standardized system, Japan is transitioning from conventional membership-based talent management to a system that incorporates job-based talent management.

Generally, in job-based talent management, employees are evaluated based on required job content, creating an environment where all talent can thrive regardless of seniority or length of service. It also enables fair treatment based on job content and results, leading to the acquisition and development of highly specialized, excellent talent. In addition, we will leverage our strengths by integrating membership-based characteristics, including company-led job changes and transfers for the purpose of long-term talent development and organizational strengthening. This also enables the development of next-generation leaders who have company-wide and medium-to-long-term perspectives through various job experiences.



Evaluation System

The new evaluation system focuses primarily on “promoting growth.” In goal setting, we foster awareness of contribution to the organization while encouraging the setting of challenging goals (stretch goals), leading to the enhancement of each employee’s skills and abilities and the achievement of higher organizational goals.

Throughout the year, we establish regular one-on-one dialogue opportunities between managers and employees, providing timely coaching and feedback to promote continuous employee goal achievement and growth. Since managers’ coaching and feedback skills are extremely important for promoting employee growth, we are continuously running learning programs globally to improve these skills.

In year-end evaluations, we eliminated overall evaluation rankings and instead adopted evaluations for each goal, enabling evaluation and feedback that focuses purely on employees’ goal achievement and growth, leading to the development of individual employees.

A survey conducted in Japan to measure the effectiveness of the new evaluation system found a positive response rate of 81%, indicating that the system was well understood and appropriately implemented in its first year.

Grade System

For the job grade system, we have built and introduced a global common grade structure based on job duties and responsibilities. This enables the clarification of career paths across countries and fair treatment, promoting global collaboration and career formation that transcends countries and regions.

Reward System

Our group has established a fair and competitive compensation system under a global common policy while respecting the laws and practices of each country and region. By redesigning compensation categories, we are strengthening market competitiveness and leading to further recruitment and retention of excellent talent. Starting salaries for new graduate employees are also set at appropriate levels aligned with market competitiveness.