

Passion for Innovation.
Compassion for Patients.™



FY2022 ESG Briefing

January 17, 2023

President and CEO

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DAIICHI SANKYO CO., LTD.

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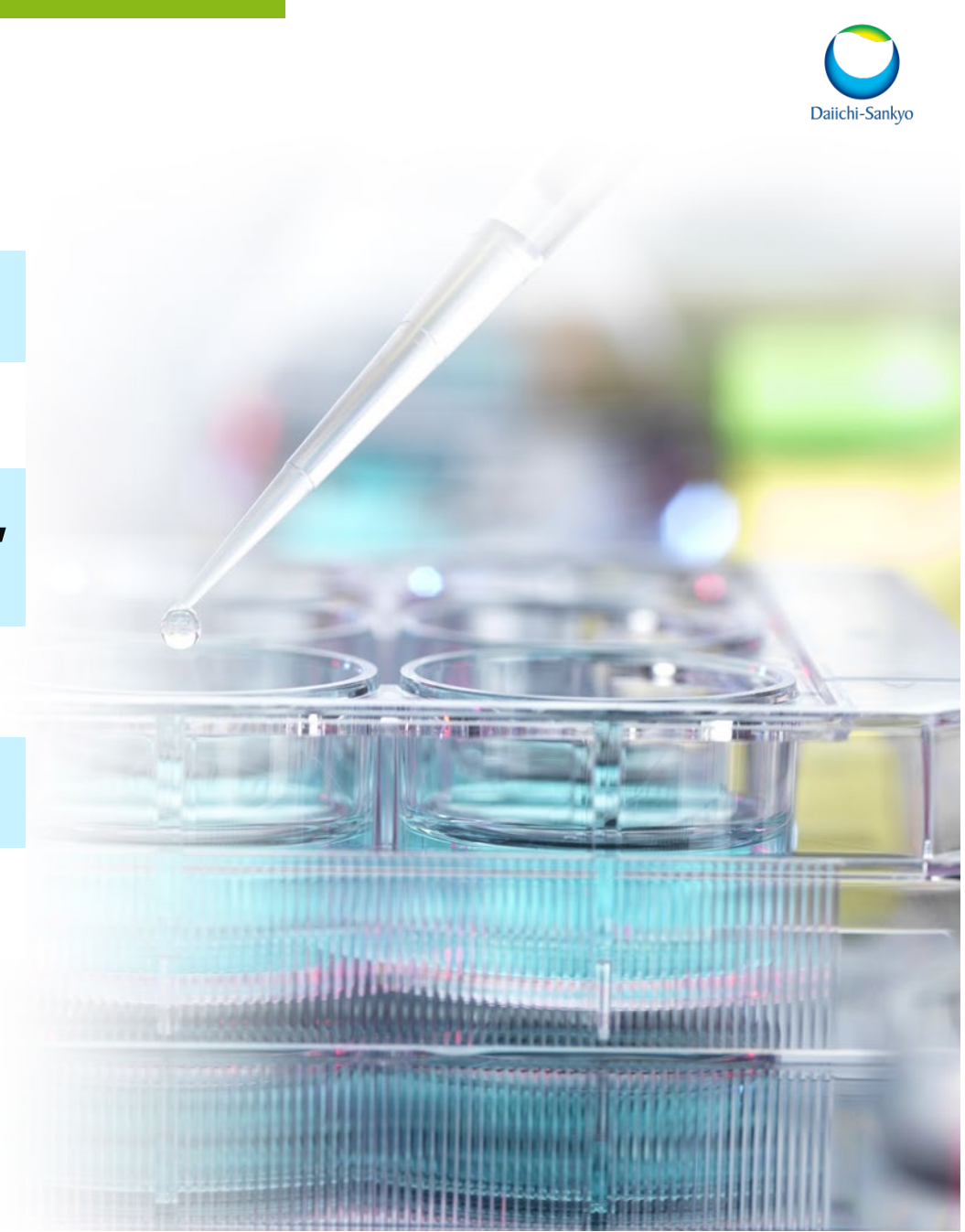
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Agenda

① Progress of ESG management

**② Initiatives to improve non-financial value,
which maintains our competitiveness**

③ Appendix



Agenda

① **Progress of ESG management**

② **Initiatives to improve non-financial value,
which maintains our competitiveness**

③ **Appendix**



Towards the realization of our Purpose and 2030 Vision

Purpose

Contribute to the enrichment of quality of life around the world

2030 Vision

**Innovative Global Healthcare Company
Contributing to the
Sustainable Development of Society**



To realize our Purpose, the Daiichi Sankyo Group aims to address the social issues (creating innovative pharmaceuticals, initiatives for SDGs, etc.) that we are expected by society to solve through our business activities. We challenge ourselves to continuously provide innovative solutions based on our strength: Science & Technology.

Creating innovative pharmaceuticals by harnessing our strength in terms of Science & Technology

DX promotion initiatives

Creating One DS Culture

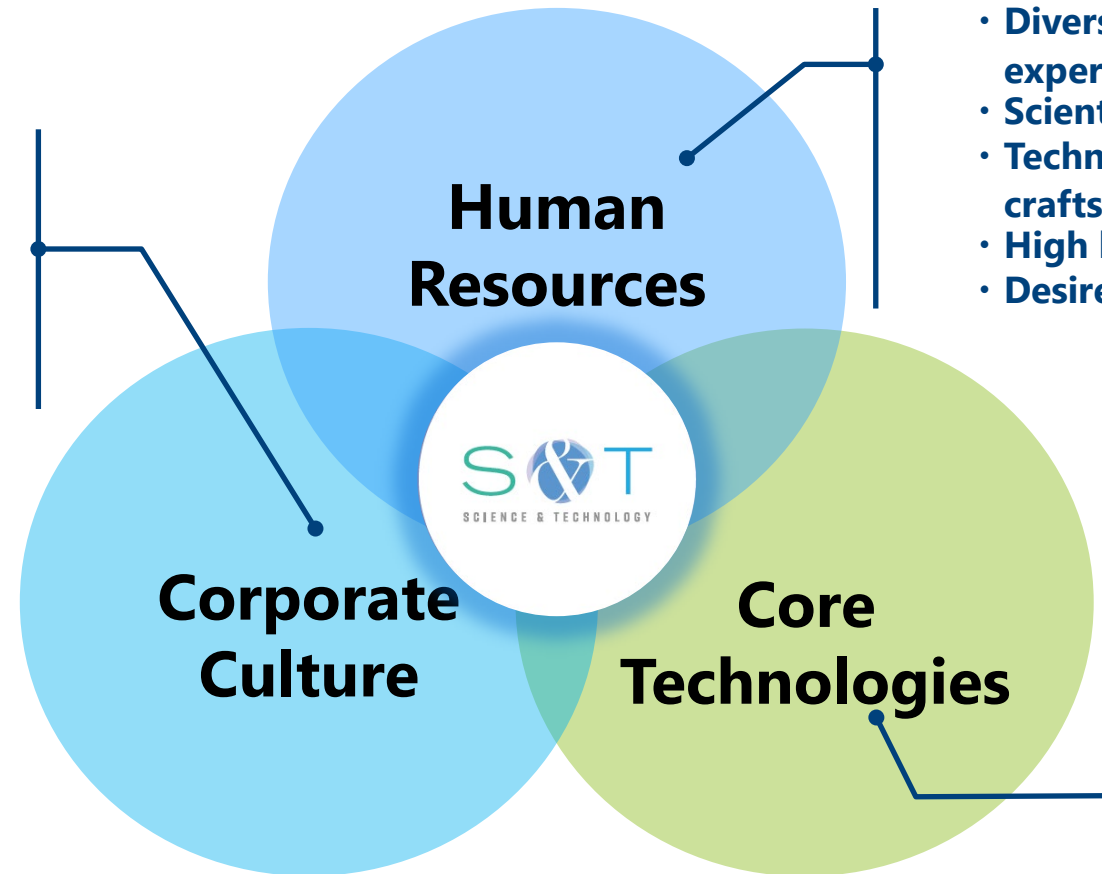
Co-creating value with stakeholders

Promoting ESG management through materiality management

Our strength: Science & Technology (S&T)

We strive to maintain and enhance our human resources, corporate culture, and core technologies, which are important elements of Science & Technology, one of our strengths.

- A corporate culture in which employees respect each other as a specialist 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

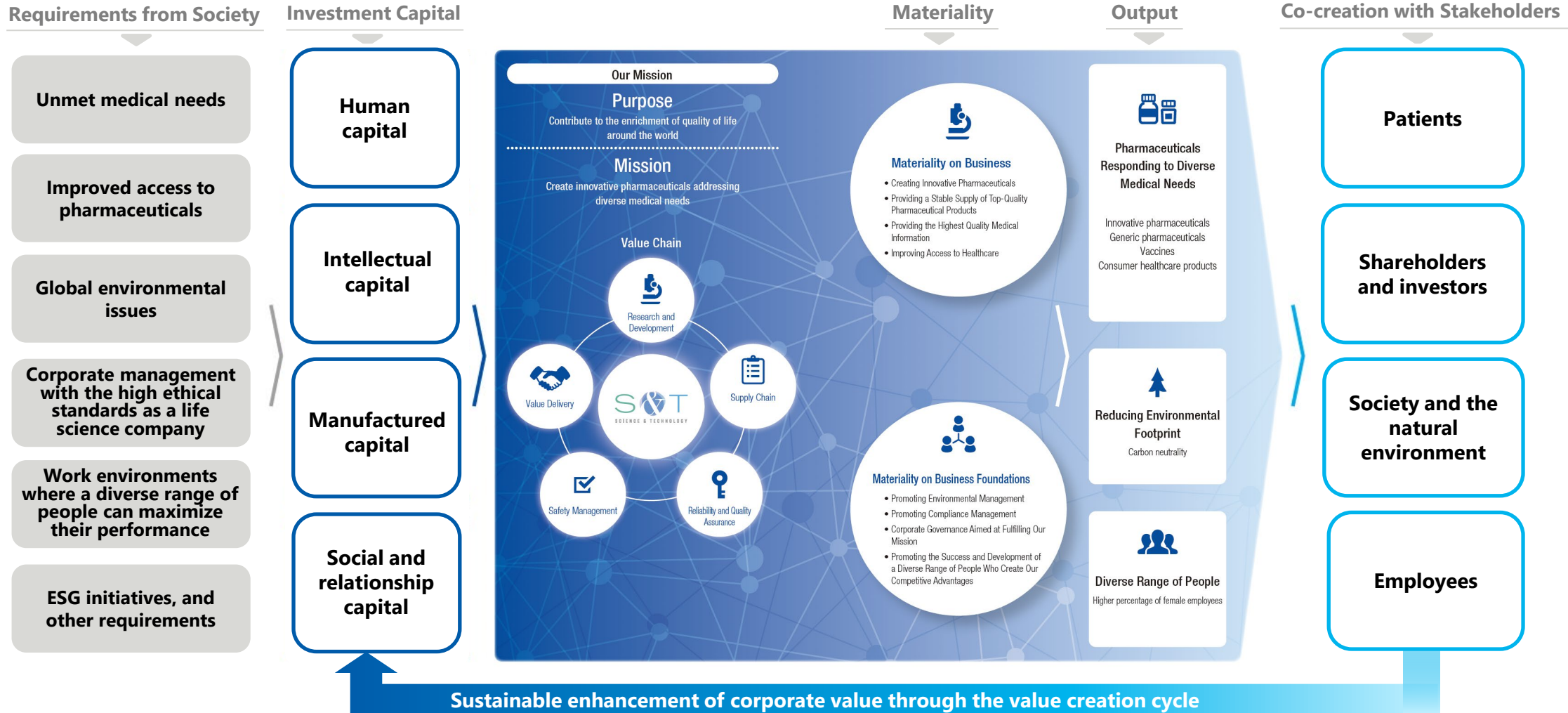


- Diverse range of talents with high levels of expertise
- Scientific assessment capabilities
- Technologies originated from craftsmanship
- High levels of engagement
- Desire for innovation

- Proprietary ADC technology platform
- Medicinal chemistry, protein engineering, drug evaluation, computational science, and translational research

Value creation model underpinned by our strength in Science & Technology

We strive to utilize Science & Technology—the source of our competitive advantage—to provide social and economic value to stakeholders, which mainly create innovative pharmaceuticals, and to enhance our competitiveness and contribute to the sustainable development of society.



Human capital and intellectual capital, the driving force behind our value creation model

We strive to enhance our human capital and intellectual capital in order to implement our value creation model, which takes full advantage of Science & Technology.

Human Capital

- Number of employees (consolidated): 16,458
(26 countries/regions with group presence, as of March 31, 2022)
- Corporate culture that enables diverse range of people to be highly engaged
- Diverse range of people who create our competitive advantage

Intellectual Capital

- Oncology and other pipelines
- Technologies and know-how for discovering and delivering new drugs
- Accumulated pharmaceutical information

High-priority topics

- **Actively hiring and training of human resources according to business strategy**
- **Opportunities for new challenges and growth**
- **Diversity**
- **Engagement**
- **Promotion of work-life cycle**

- **Establish our unique ADC technology platform**
- **Expand diverse assets and pipeline by applying new modalities**
- **Deepen Science & Technology by integrating core technologies in both small molecules and biopharmaceutical drug discoveries**

Creating innovative pharmaceuticals by harnessing our strength in terms of
Science & Technology

DX promotion initiatives

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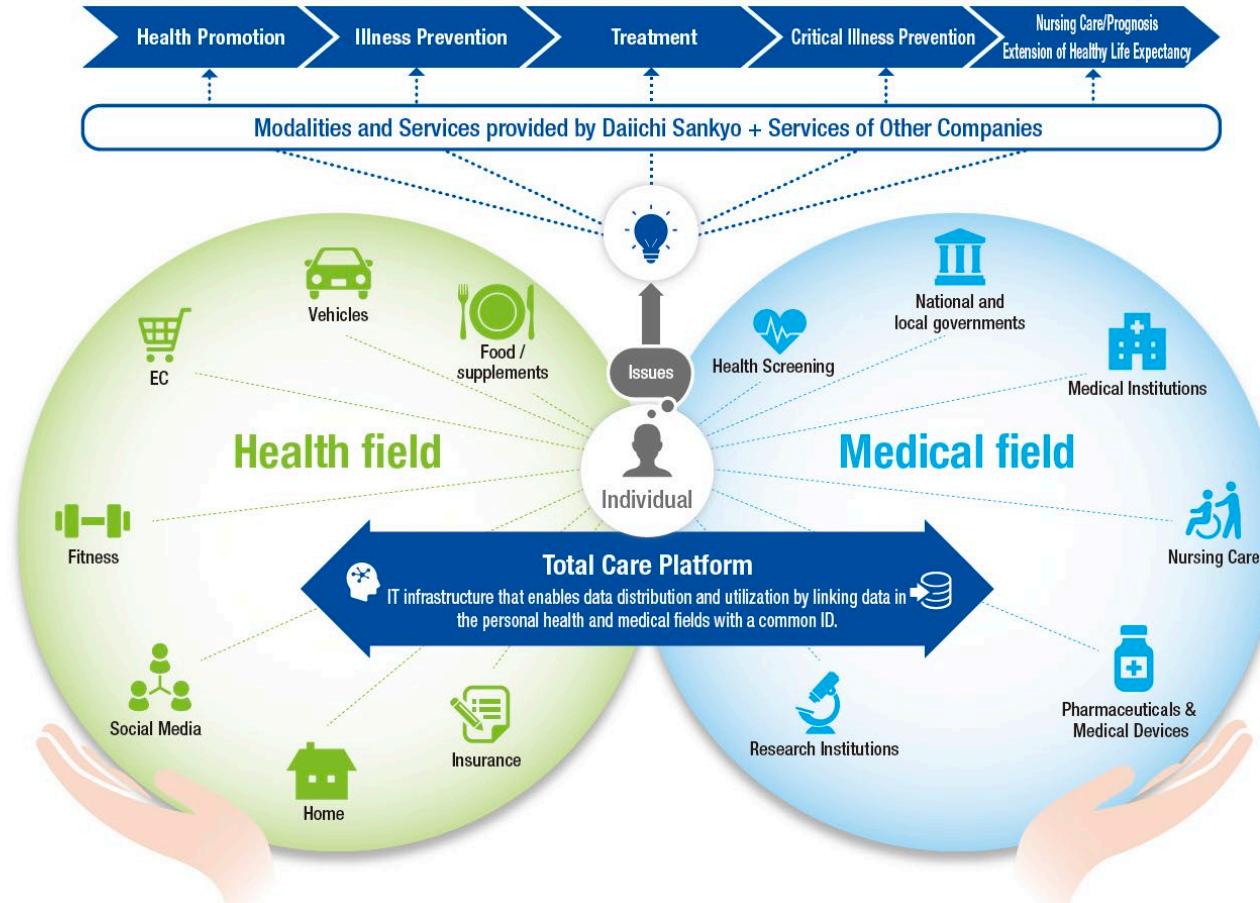
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“Healthcare as a Service” initiatives

To realize a society that provides the best services tailored to each person (Healthcare as a Service), it is necessary to establish a Total Care Ecosystem and Total Care Platform, so we strive to promote collaboration with other companies in terms of providing our modalities and services as well as our data analysis and utilization.

◆ Total Care Ecosystem



Creating a corporate culture to promote DX (digital transformation)

To achieve Daiichi Sankyo 2030 vision, we have developed DX vision and declare that we will promote the creation of a corporate culture capable of transformative thinking through initiatives that include developing or securing human resources to enhance our data and digital strategy as well as transforming our systems and processes to enable external collaboration and agile decision-making.

DX vision for 2030

As Innovative Global Healthcare Company, we will contribute to healthcare transformation through excellent use of data and digital technology.

Develop and secure human resources

Improve data and digital literacy throughout the company

Develop and acquire advanced data and digital human resources

Transform systems and processes

Cross-organization/external collaboration

Agile systems and processes

Create a corporate culture capable of transformative thinking

Creating innovative pharmaceuticals by harnessing our strength in terms of
Science & Technology

DX promotion initiatives

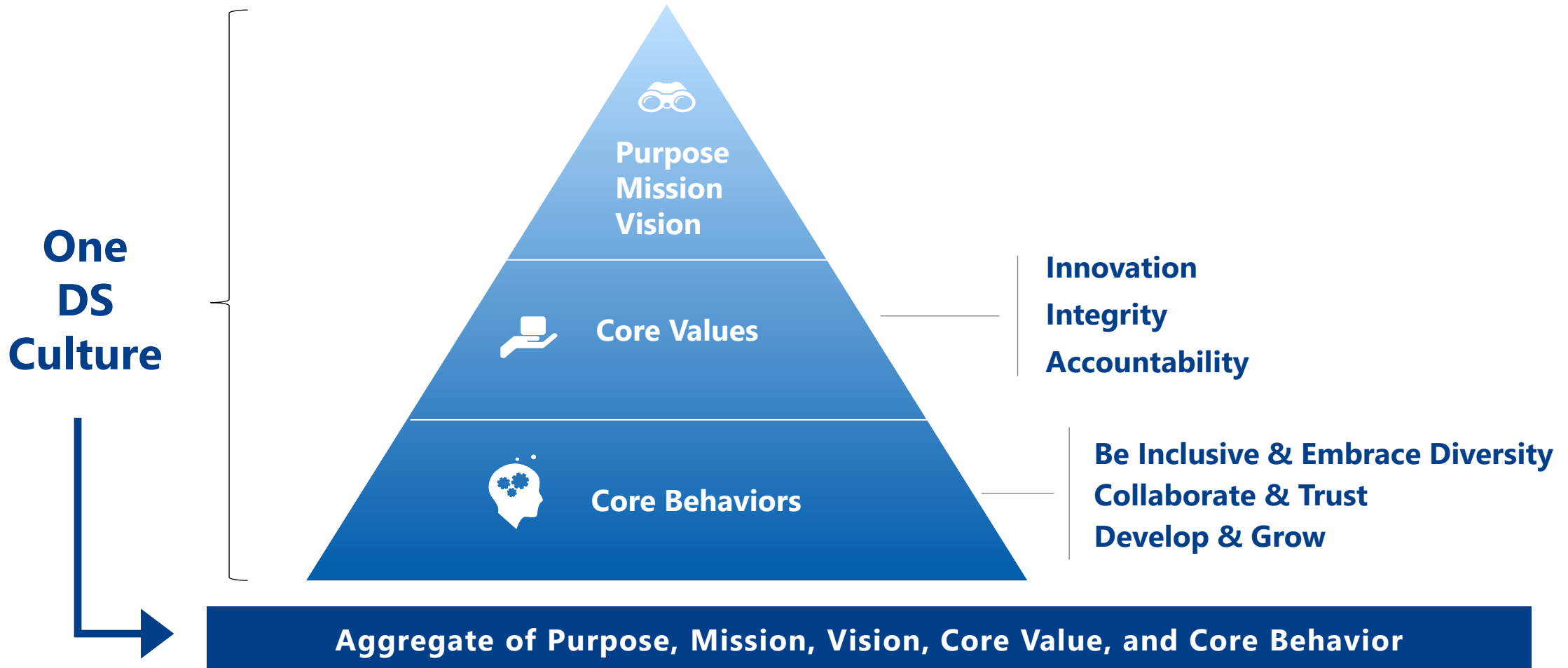
Creating One DS Culture

Co-creating value with stakeholders

Promoting ESG management through materiality management

Creating One DS Culture to realize our 2030 Vision

We will strive to achieve One DS Culture—with our Purpose positioned at its apex—throughout our Group to deliver innovative pharmaceuticals and medical treatment solutions to people around the world while also realizing our 2030 Vision to become a truly global health company.








Implementing the Global Culture Initiative to create One DS Culture

We have identified topics necessary to grow as a global company based on a global cultural diagnosis, and established these topics as three Core Behaviors. We will continually promote Global Culture Initiative which we are encouraging in all our global employees.



Reasons for selecting Core Behaviors

Main topics identified by the cultural diagnosis

-  There are cultural inconsistencies between different regions and departments.
-  Strategies are not linked to clear actions, and there is not enough sharing or collaboration between leaders.
-  Decision-making and actions are being handled inefficiently.
-  There is insufficient focus on the development of human resources overseas, which means there is no truly global human resource pipeline in place.
-  Our organizational structure tends to emphasize avoiding failure, which impedes both the creativity and initiative of individuals and teams.

Core Behaviors necessary to grow to become a truly global company

-  **Be Inclusive & Embrace Diversity**
-  **Collaborate & Trust**
-  **Develop & Grow**

Global Culture Initiative stages

- **Introduce transformation** 2020 to 2021
 - Raise awareness through town hall meetings with the CEO
 - ✓ Run workshops attended by Executive Management Committee members and global leaders
- **Make transformation possible** Starting in 2022
 - ✓ Expand One DS Culture and Core Behaviors to include all employees
 - Set up opportunities to learn Core Behaviors
 - Reward employees who engage in Core Behaviors
- **Keep implementing transformation**
 - ✓ Provide ongoing Core Behavior implementation support

Creating innovative pharmaceuticals by harnessing our strength in terms of
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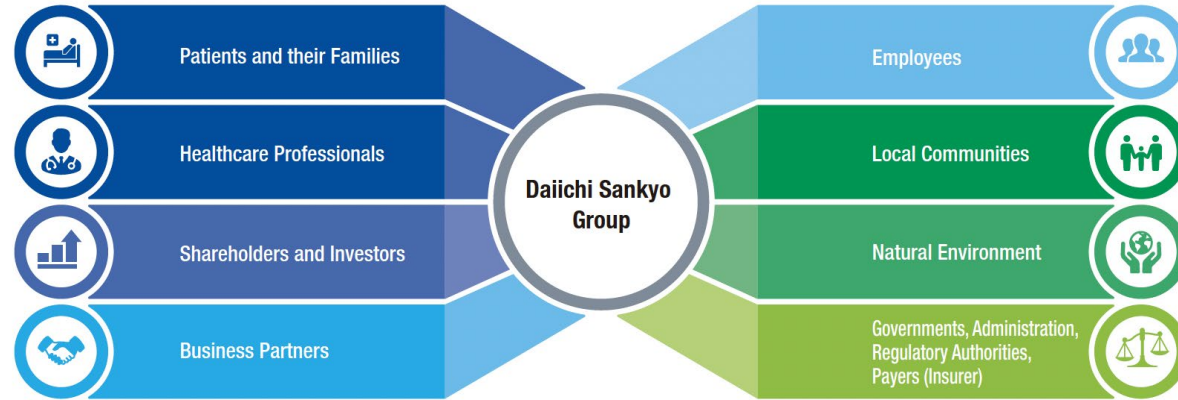
Co-creating value with stakeholders

Promoting ESG management through materiality management

Initiatives aimed at sustainably co-creating value with stakeholders

We strive to improve stakeholder engagement and apply it to our materiality, etc. in order to sustainably co-create value with various stakeholders.

◆ Our Stakeholders



Purposeful engagement with stakeholders

Dialogue with patients and healthcare professionals

Dialogue with shareholders and investors

Sustainable procurement surveys and interviews with business partners

Employee engagement surveys and direct communication with management

Surveys of NGOs, local governments, and medical institutions as well as interview through NGOs

Collaboration with industry associations related to the environment

Advocacy and dialogue through industry associations related to governments, administration, regulatory authorities, etc.

Application to business, management decisions, and materiality

Development of OD tablets that are easy to handle and take
Providing medical collaboration support (patient referral support) through the holding of academic cancer conferences, etc.

Disclosing our mid-to-long-term business strategies (oncology business growth and post-ADC R&D strategies)

Devising outside awareness-raising activities and training plans to promote sustainability activities

Deciding on initiatives to create a culture of learning at the Executive Management Committee

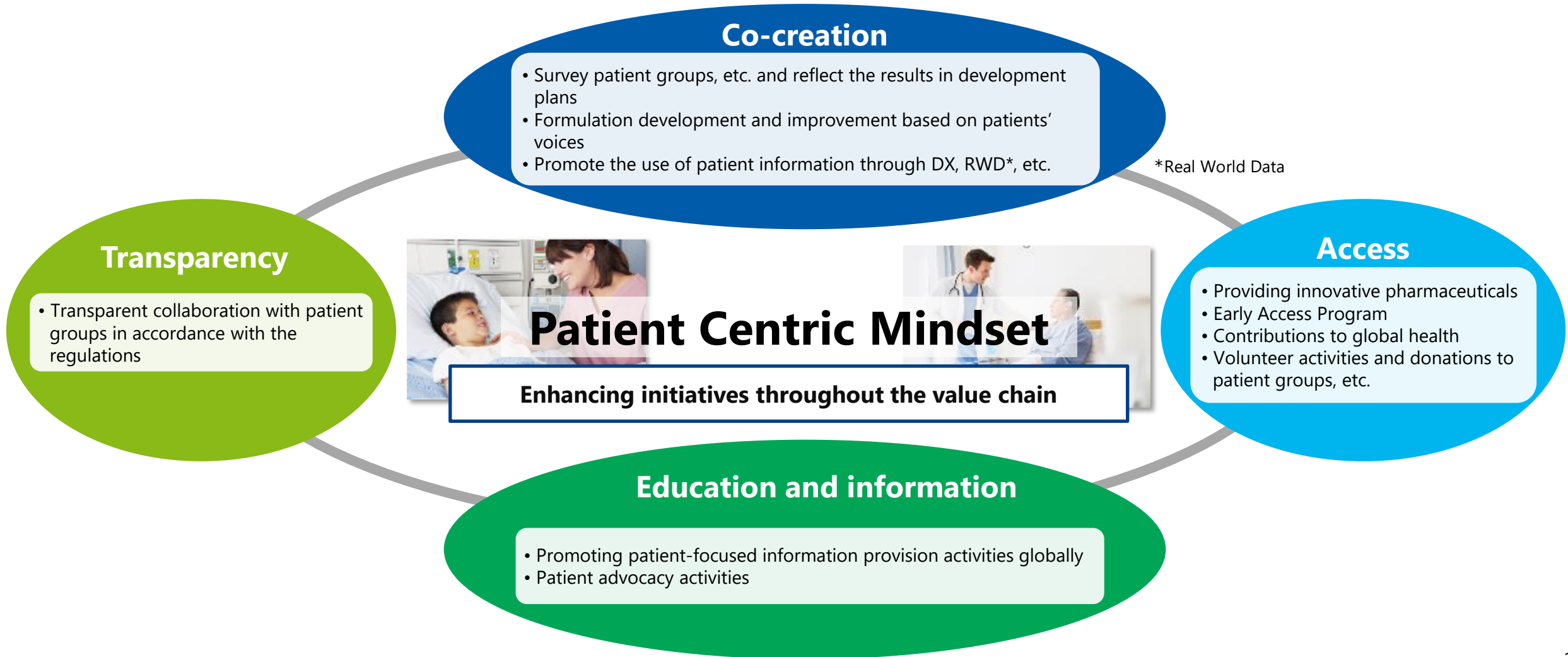
Improving the testing rate and contributing to early cancer discovery through our breast cancer and cervical cancer screening camp

Promoting initiatives aimed at carbon neutral, such as by leading the way in devising industry targets

The Government of Japan formulated the "Strategy for Strengthening Vaccine Development and Production System" and "Pharmaceuticals Industry Vision 2021" based on the opinions of the pharmaceuticals industry

Co-creating value with stakeholders: contributing to patients through our patient centric mindset

We strive to enhance our initiatives throughout the value chain based on our patient centric mindset in order to suitably deliver oncology medicines to patients, including 3ADCs.



We are promoting initiatives related to various value chain functions.



Drug discovery and research, and clinical development

◆ COMPASS (Compassion for Patients Strategy)

Promoting the realization of patient-oriented drug discovery

- Improving the quality of drug discovery and research through exchange programs between patients/healthcare professionals and employees
- Visiting medical facilities that understand the needs and actual circumstances of diseases and treatments

◆ Healthcare café

- December of 2022
A cooperative plan involving four companies: Kyowa Kirin, Santen Pharmaceutical, Takeda Pharmaceutical, and Daiichi Sankyo
- This was an opportunity for people who have experienced cancer and pharmaceutical company employees to discuss how to realize a world that enables people to live as they choose even if they get cancer, and it enabled participants to notice many things that could help lead to drug discovery and research.



Sales, information creation, and value delivery

◆ Patient Advocacy

- To learn from patient feedback
- Expands advocacy by establishing a Patient Focused Forum*

* A network of advocates which includes Daiichi Sankyo representatives from the many countries where the company has a presence



Take the next step for patients and put yourself

In Their Shoes

► In Their Shoes initiative, which looks at the world from the perspective of patients

◆ Awareness-raising activities for employees

MA Forum (November of 2022)

- A special lecture by Naomi Sakurai, the representative of Cancer Solutions followed by a panel discussion was an opportunity to learn directly from the survivor.
- To increase medicine and corporate value by providing information on clinical trial and clinical research in using understandable expressions and by creating an environment that is easy to access.



To deliver *Enhertu*® to patients as soon as possible, we are expanding its indications as well as the number of launched countries and regions.

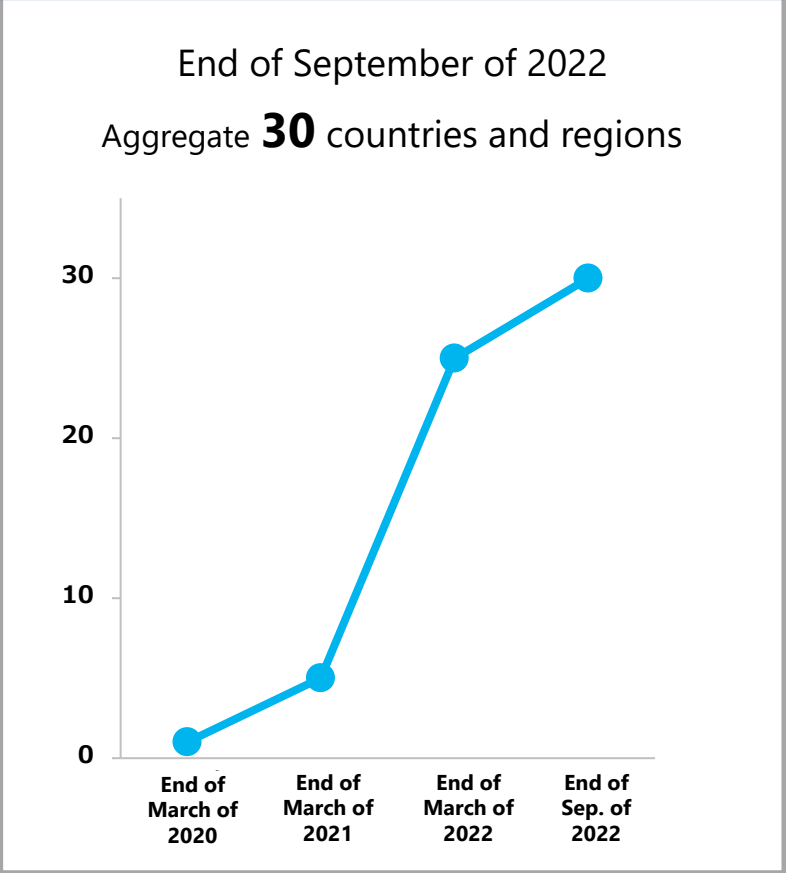
Expanded indications

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

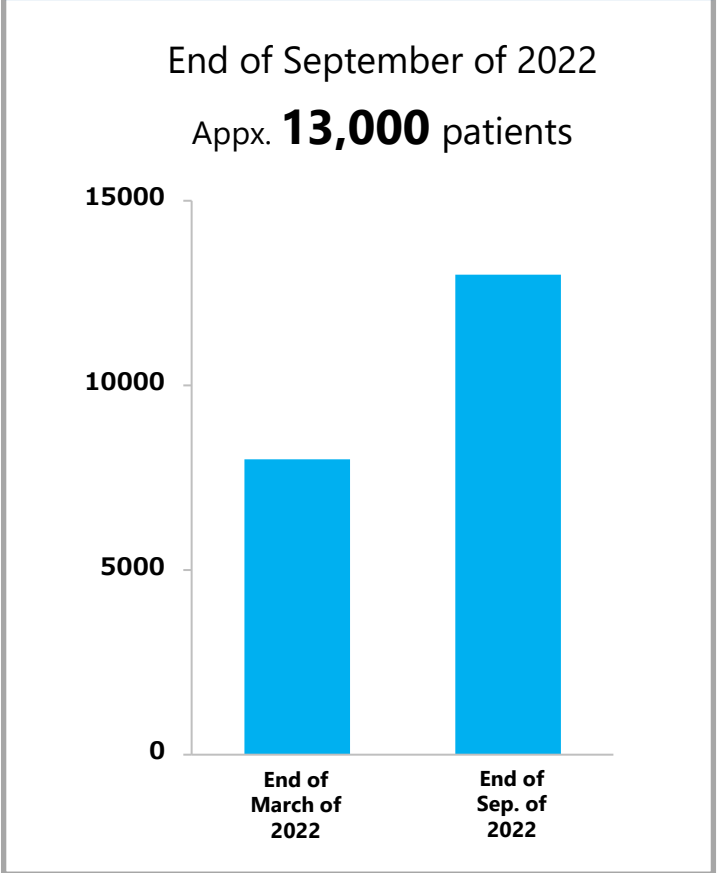
(Approved indications as of September 30, 2022)



Expanded countries and regions



Number of patients treated



We are promoting initiatives to help patients who have limited access to healthcare due to various factors.

◆ Developing a COVID-19 vaccine

- We are developing DS-5670 by using original mRNA technology.
November 2022 Confirmed efficacy and safety as a booster shot
January 2023 Submitting applications for approval in Japan
Planning clinical trials for Vaccine for Omicron strain.



▶ Kitamoto Plant

◆ Contributing to global health

● Capacity building of regional medical infrastructures

- Nepal: breast cancer and cervical cancer screening camp
- Zimbabwe: enhancing the medical infrastructure related to sexual and reproductive health and rights as well as breast cancer and cervical cancer
- Kenya: promotion of cervical cancer prevention through early detection and treatment in Kenya
- Vietnam: improving health services related to sex and reproduction during puberty to protect the health of mothers and their children
- Honduras: promoting breast cancer and cervical cancer examinations

● Initiatives to address malaria, tuberculosis, and neglected tropical diseases (NTDs) through the GHIT Fund

● Initiatives to address non-communicable diseases in low-income and lower-middle-income countries through the Access Accelerated initiative



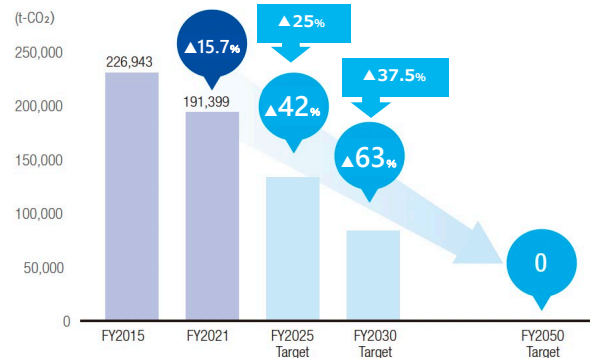
Initiatives to reduce our environmental footprint ①

With our long-term target, “As a healthcare company, we will proactively reduce the environmental impacts of our business operations and seek to implement advanced climate change countermeasures”, we are working on revising our materiality KPIs related to climate change measures as well as actively utilizing renewable energy in order to more actively respond to society’s increasing demand for carbon neutrality.

◆ Reduction of environmental footprint in entire supply chain

Scope 1 + 2

FY2050 target: realization of carbon neutrality



We have revised our KPIs (FY2025 and FY2030 targets) to achieve a reduction in CO2 emissions in line with the SBTi 1.5°C target instead of the previously approved SBTi target of well-below 2°C.*

* We have applied for SBTi 1.5°C approval.

Scope 3 category 1

FY2025 target: 15% reduction from FY20

We are planning to request to set targets at the SBT level (1.5°C target) at least 70%** of business partners by FY2025

** Percentage of total procurement amount

◆ Promoting introduction and utilization of renewable energy

Revised FY2025 target as at least 60% from 30%, aiming for 100% target achievement by FY2030



Initiatives

- Feb. 2022 Initiated generating solar power at Pfaffenhofen Plant in Germany
- Apr. 2022 Shifted 13 of operation sites in Japan to renewable energy
- Oct. 2022 Started pursuing initiatives aimed at carbon neutrality through tree plantings in Daiichi Sankyo Brazil.
- Jan. 2023 Initiated generating solar power at Shanghai Plant in China



Initiatives to reduce our environmental footprint ②

We are working on partnerships (cooperation) with local communities and the pharmaceutical industry to further promote the reduction of our environmental footprint.

◆ Drug Sheet Recycle Program demonstration experiment

DSHC launched an Drug Sheet Recycle Program demonstration experiment—the first initiative of its kind in Japan—as a recycling program that ordinary citizens can participate in in cooperation with TerraCycle Japan and Yokohama City.



◆ Investment in a wind farm

Investment in a wind farm in the Pfaffenhofen region to enhance the stable procurement of renewable energy (planned to be completed in 2024)



◆ Reduce environmental burden in the field of pharmaceutical packaging

Daiichi Sankyo, Astellas, Eisai and Takeda agreed to promote the use of more environmentally friendly packaging for pharmaceutical products by sharing knowledge on packaging technologies to reduce environmental burden, such as blister packs made of biomass-based plastic instead of petroleum-derived plastic, compact packaging, recycled packaging materials, and recyclable packaging materials.

We aim to ensure that society benefits from this collaboration to harmonize corporate activities with the global environment.

Creating innovative pharmaceuticals by harnessing our strength in terms of
Science & Technology

DX promotion initiatives

Creating One DS Culture

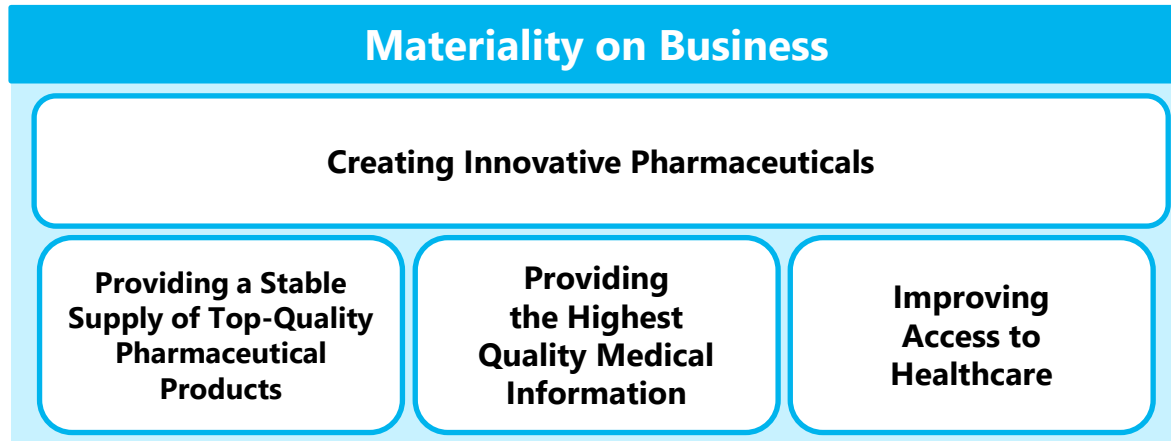
Co-creating value with stakeholders

Promoting ESG management through materiality management

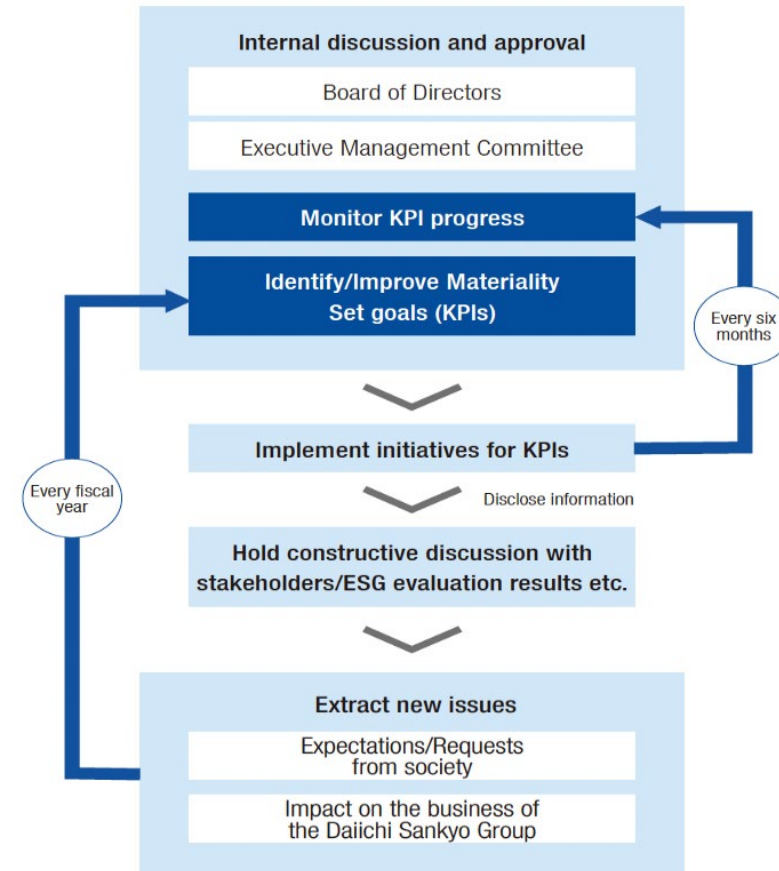
Promoting ESG management through materiality management

We are promoting ESG management through the confirmation of progress on a regular basis related to KPI targets as well as discussion aimed at achieving progress in terms of materiality at the Board of Directors and Executive Management Committee in order to immediately apply changes in our priorities stemming from changes in requirements from society and the external environment to our materiality.

◆ Eight Materiality Identified



◆ Materiality Management Cycle



Major materiality results, additions, and changes

◆ Major results in FY2021

Our materiality initiatives to achieve our FY2025 KPI target values went more or less according to plan.

Materiality on Business

- Our development, including applying for new *Enhertu*[®] indications, went according to plan.
- Decided to invest in expanding our supply capacity to respond to predicted ADC demand.
- Received recognition for our approach in providing medical information, in particular in Japan.

Materiality on Business Foundations

- Conducted an engagement survey targeting all DS Group employees.
- Began evaluating our Board of Directors in terms of effective governance through a third-party organization.
- In terms of environmental management, everything went according to plan, including reducing our CO₂ emissions.

◆ Major additions and changes to our KPIs in FY2022

Materiality on Business Foundations Promoting Environmental Management

KPI target revisions

- Reduced CO₂ emissions (Scope 1 + Scope 2)
42% reduction compared to FY2015 (FY2030: 63% reduction)
- Renewable electricity utilization rate
At least 60% (FY2030: 100%)

Materiality on Business Foundations Promoting Compliance Management

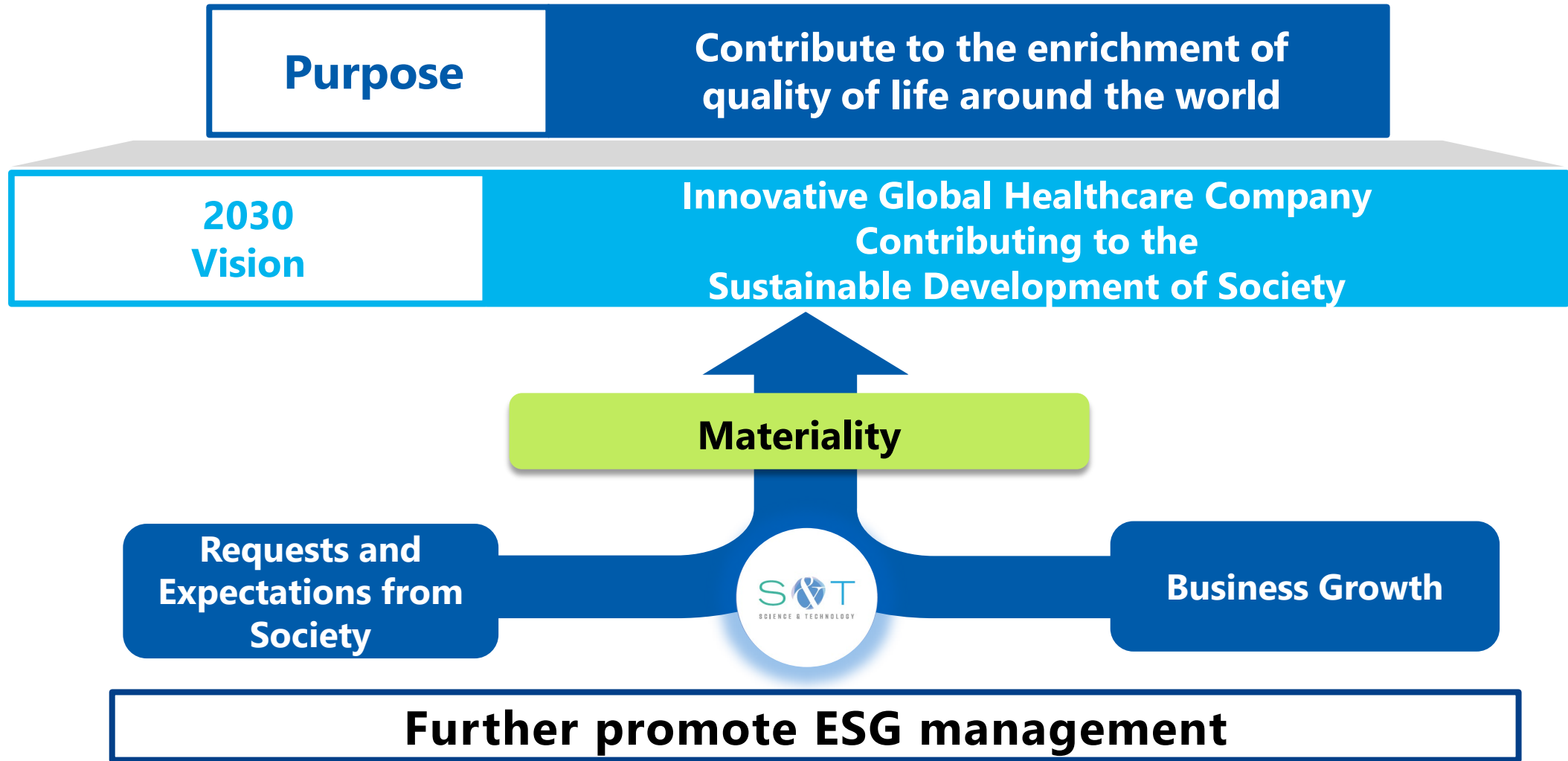
Added challenges, KPIs and KPI targets by FY2025

We specified the improvement of human rights initiatives through the promotion of human rights due diligence as a new challenge and **added KPI targets to our KPIs to be achieved by FY2025.**

● KPI targets

- No case of violation with ILO Core Labour Standards* as a result of human rights risk assessment through DS Group
- Disclose any results of business partners risk reduction initiatives related to ILO Core Labour Standards

Towards the realization of our Purpose and 2030 Vision



Agenda

① Progress of ESG management

② **Initiatives to improve non-financial value,
which maintains our competitiveness**

③ Appendix



Importance of non-financial value

Realizing improved corporate value through capital circulation and important capital
(human capital)

Transforming our business model to achieve global expansion and initiatives related to
DX, which supports the foundation

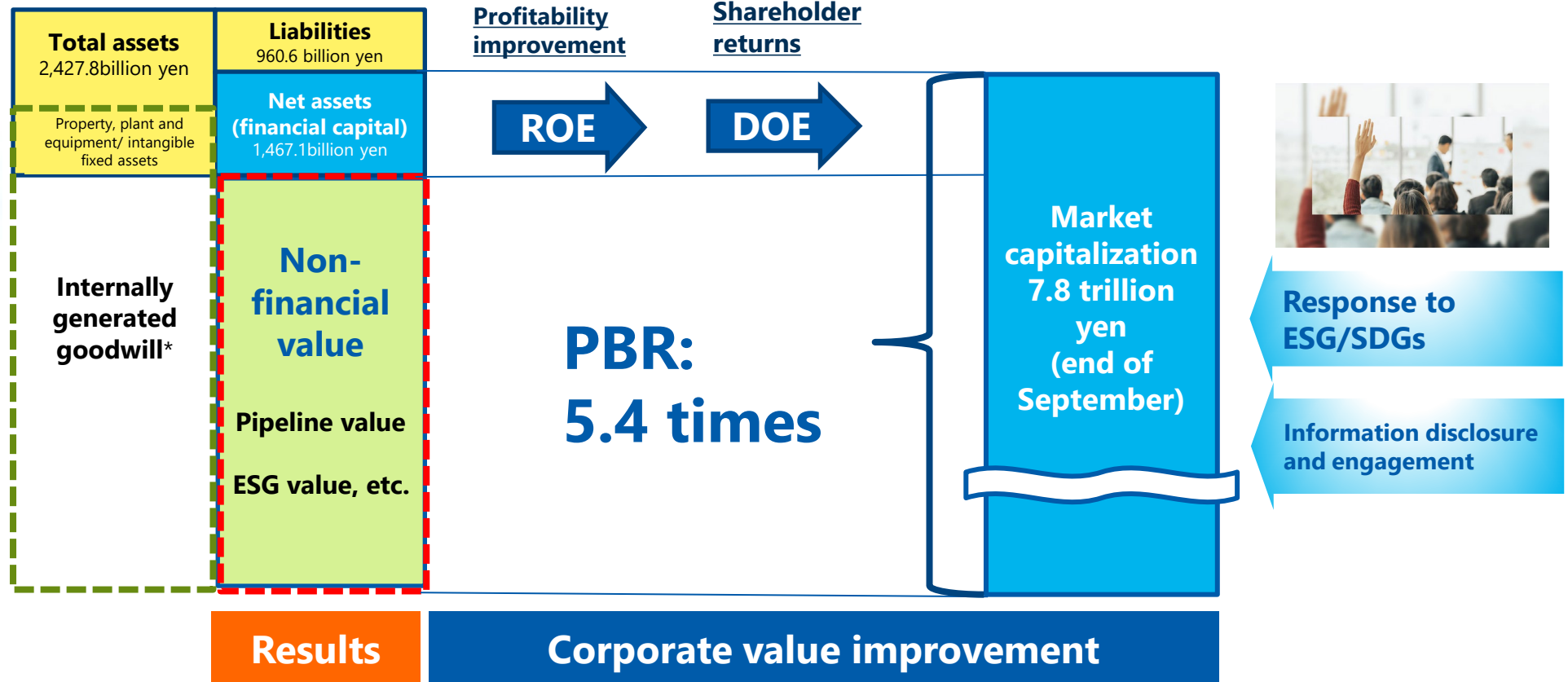
Achieving sustainable enhancement in our corporate value

Importance of non-financial value

We are promoting ESG management from a long-term perspective to enhance both financial and non-financial value by incorporating ESG factors into its management strategy. Non-financial value is improving, and we are continuing to strengthen our investments in this area.

Source : Layers Consulting Co., Ltd.
Modified from [the overall image of corporate value creation](#)

Balance sheet (The numbers are current as of the end of September)



* Excess earning power built up internally by a company over the years (trust from customers, quality of employees, reputation, and other potential corporate values that cannot be measured)

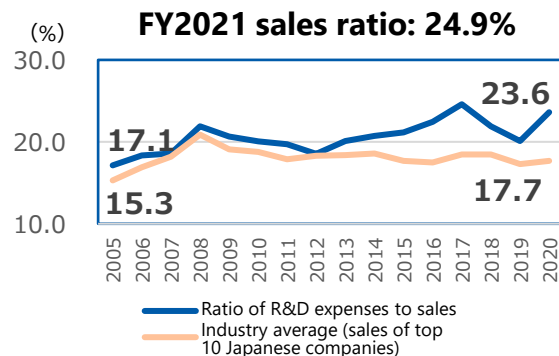
Investing in non-financial capital

To enhance our pipelines, maintain and strengthen our S&T and global business foundation, we are increasing our investment in not only R&D but also manufactured capital, human capital—including the acquisition and development of human resources—and DX.

Enhancing our pipelines and establishing a global business foundation

Investing in R&D

- 5-year business plan period: 1.5 trillion yen in investment, especially in the 3ADCs



Investing in manufactured capital

- Establishing a strong global supply chain to address increased 3ADC demand
 - Investing up to 300 billion yen in our production facilities in Japan and overseas as well as external contract manufacturing organizations (CMOs) by FY2025 based on consideration of our 3ADC marketing plan and the development progress of both the 3ADCs and DXd-ADC (Total capital investment amount from FY2021 to FY2025: around 500 billion yen)

Investing in human capital

- Establishing an environment that enables diverse human resources to work energetically with a high level of engagement
- Acquiring and developing human resources to increase our business competitiveness
 - Actively hiring and training of human resources according to business strategy
 - Opportunities for new challenges and growth
 - Diversity
 - Engagement
 - Promotion of work-life cycle

Investing in DX

- Realizing data-driven management
- Transforming our company by establishing advanced digital technology and an IT platform
 - Establishing an Integrated Data Analytics Platform (IDAP)
 - Promoting Project 4D
 - Transforming our company by developing advanced digital technology and an IT platform

Improving invested capital efficiency

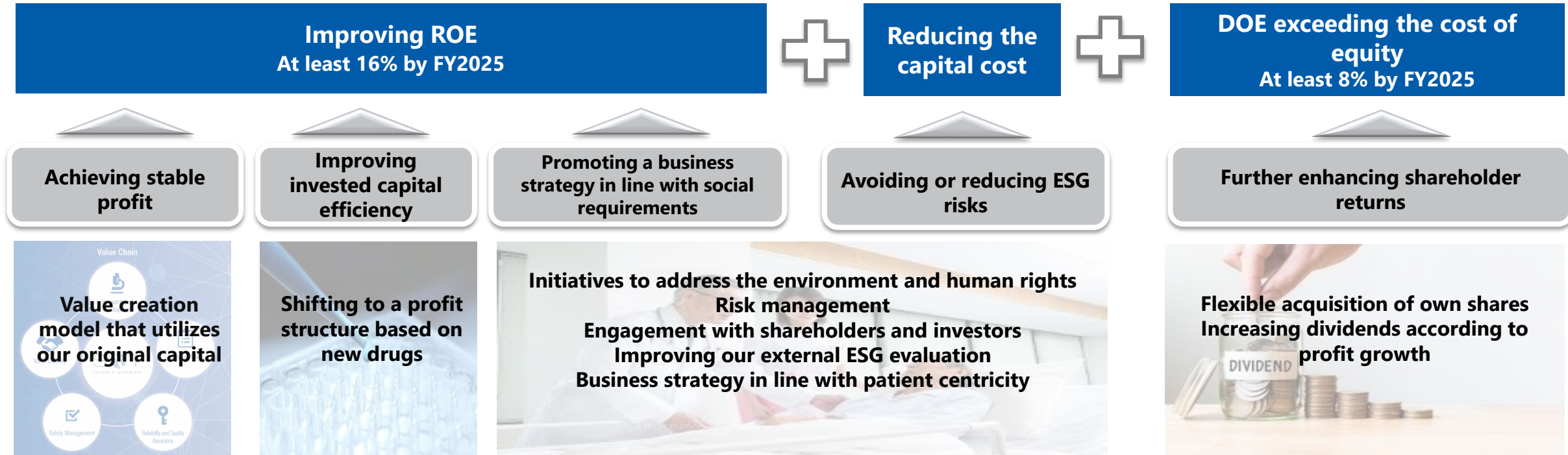
(shifting to a profit structure based on new drugs, optimizing the cost of sales and expenses, and reducing non-core assets)

*Source: SPEEDA (Uzabase Corporation), Annual Securities Report, Cited from the Japan Pharmaceutical Manufacturers Association DATA BOOK 2022

Improving ROE and sustainable corporate value improvement by utilizing non-financial capital

We aim to achieve stable profit through a sustainable value creation model that utilizes our original capital while also striving to realize sustainable corporate value enhancement by pursuing ESG initiatives—including the environment, human rights, and risk management—to reduce the cost of equity and create social value.

Sustainable corporate value enhancement



Importance of non-financial value

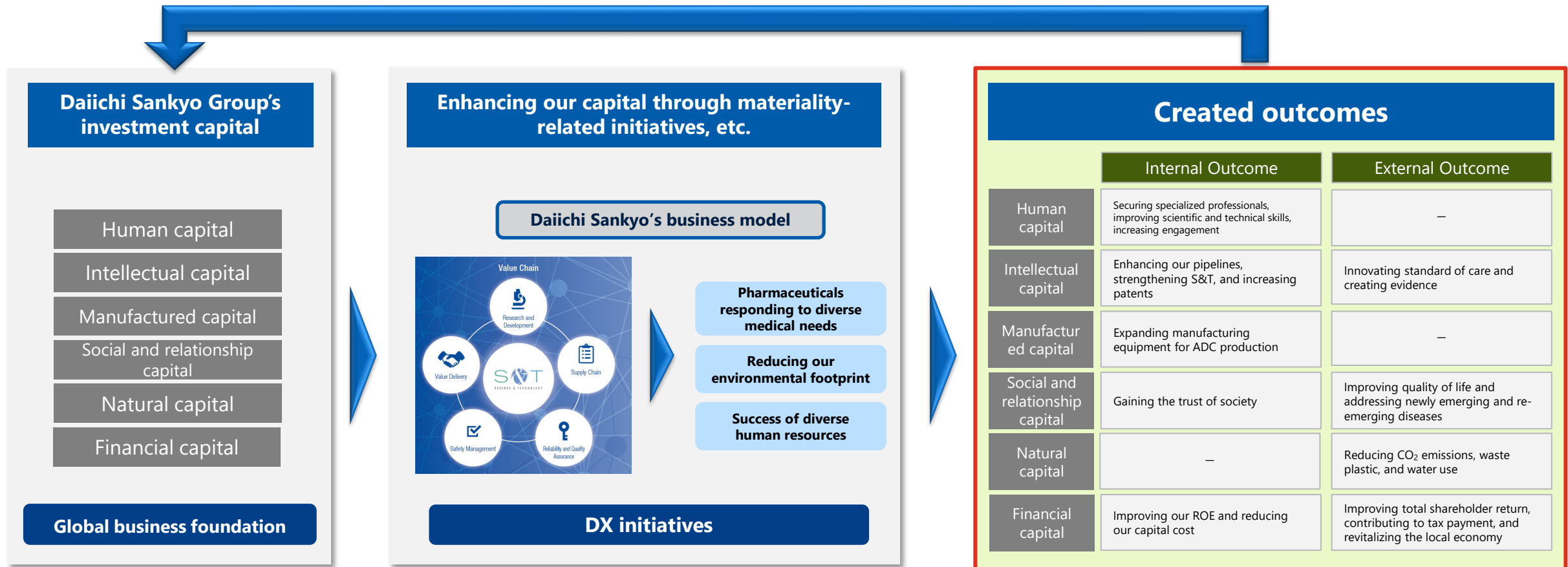
Realizing improved corporate value through capital circulation and important capital (human capital)

Transforming our business model to achieve global expansion and initiatives related to DX, which supports the foundation

Achieving sustainable enhancement in our corporate value

Capital circulation in our value creation process

We strive to achieve sustainable corporate value improvement by pursuing materiality-related initiatives and enhancing our human capital in order to cyclically enhance our important capital.



Enhancing our capital through materiality

We invest in non-financial capital and strive to enhance both financial and non-financial capital through materiality-related initiatives.

○: capital that is directly related to materiality initiatives
 ◎: Of the capital indicated with a ○, this symbol indicates capital that has a high degree of impact on our corporate value because it helps to shape our strength in terms of our value creation model or is in line with our strategy for achieving our vision and 5-year business plan.

Enhancing our capital through materiality-related initiatives

- ### Investing in non-financial capital
- Investing in R&D
 - Investing in manufactured capital
 - Investing in human capital
 - Investing in DX

	Non-financial capital					Financial capital
	Intellectual capital	Human capital	Manufactured capital	Social and relationship capital	Natural capital	
◆ Materiality on business	Strengthening S&T(core value)			Co-creating value with stakeholders		
Creating innovative pharmaceuticals	◎	◎		◎		◎
Providing a stable supply of top-quality pharmaceutical products	◎	◎	◎	◎		◎
Providing high-quality pharmaceutical 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		◎				

Human capital initiatives: our Group's approach to human resources

We consider our "people" to be our most important "asset" and respect the diversity of each employee as we promote the talent development and active participation of human resources with the aim of achieving the sustainable growth of both employees and our company.

Challenges for realizing materiality	Key themes	Major measures to enhance our human capital	
Creating a work environment where a diverse range of talents are highly engaged and can maximize their performance	<ul style="list-style-type: none"> Opportunities for new challenges and growth 	<ul style="list-style-type: none"> Establishment of systems and infrastructure at the global level 	<ul style="list-style-type: none"> Introduce a common global performance management and grading system in phases starting in FY2023 Realize cross-regional career paths through global organization (utilization of talent on a global basis)
	<ul style="list-style-type: none"> Increasing engagement (including promotion of work- life cycle) 	<ul style="list-style-type: none"> Fostering Culture through Core Behavior Conduct and utilize engagement survey <ul style="list-style-type: none"> Positive response rate (%) on corporate culture & work environment through engagement survey: 75% Positive response rate (%) on development & growth opportunities through engagement survey: 68% (Response rate in FY2021: 89%; 14,494 respondents) 	<ul style="list-style-type: none"> Promote understanding and establishment through "Core Behavior Dialogues" for all global workplaces Foster a "culture of learning" including experiences of failure Continue to hold global town halls and CEO dialogue Strengthen collaboration and improve WLC by introducing guidelines for global meetings (global work style rules)
Acquisition and training of talents to enhance business competitiveness	<ul style="list-style-type: none"> Actively hiring and training of talents based on business strategy 	<ul style="list-style-type: none"> Actively hiring of highly specialized professionals that support S&T Support for global career path 	<ul style="list-style-type: none"> Strengthen hiring of highly specialized professionals in the field of science/DX, and making up over 60% of mid-career hires in Japan) Plan to gradually introduce global leadership development initiatives and learning platforms with a phased approach
	<ul style="list-style-type: none"> Diversity 	<ul style="list-style-type: none"> Embedding I&D* at the global level <ul style="list-style-type: none"> Percentage of female in senior managerial employees: 17.9% (+1.8% for the previous year) FY2025 Target : 30% 	<ul style="list-style-type: none"> Promote empowerment of women(promotion, training, and environmental improvement) based on the Global I&D statement and promote LGBTQ+ initiatives

*Inclusion & Diversity

Enhance corporate value and create social value through strengthened human capital

Importance of non-financial value

Realizing improved corporate value through capital circulation and important capital (human capital)

Transforming our business model to achieve global expansion and initiatives related to DX, which supports the foundation

Achieving sustainable enhancement in our corporate value

Promoting DX that utilizes data and advanced digital technology

We promote DX-related initiatives as one of the foundations that supports the strategy outlined by our 5-year business plan (FY2021–FY2025) with the aim of becoming an innovative global healthcare company that creates new value for the world by effectively utilizing data and advanced digital technology.



DX vision for 2030

As Innovative Global Healthcare Company, we will contribute to healthcare transformation through excellent use of data and digital technology.

◆ DX promotion initiatives to realize our vision

Realizing data-driven management	Transforming our company with advanced digital technology	Transforming our company by enhancing IT platform	Realizing Healthcare as a Service by utilizing digital technology	Fostering corporate culture and developing human resources
<ul style="list-style-type: none"> Establishing an Integrated Data Analytics Platform (IDAP) Promoting Project 4D Establishing a Data Intelligence Center of Excellence to ensure data reliability and realize democratization^{*1} 	<ul style="list-style-type: none"> Continuously searching for and evaluating new technology and accumulating knowledge 	<ul style="list-style-type: none"> Integrating our infrastructure to facilitate communication and collaboration at the global level Promoting the globalization of processes and systems for each value chain 	<ul style="list-style-type: none"> Establishing a total care ecosystem and platform Developing new medical treatment/support solutions 	<ul style="list-style-type: none"> Enhancing external collaboration to incorporate the latest, best available technology Promoting the development of human resources necessary to promote DX for each organization

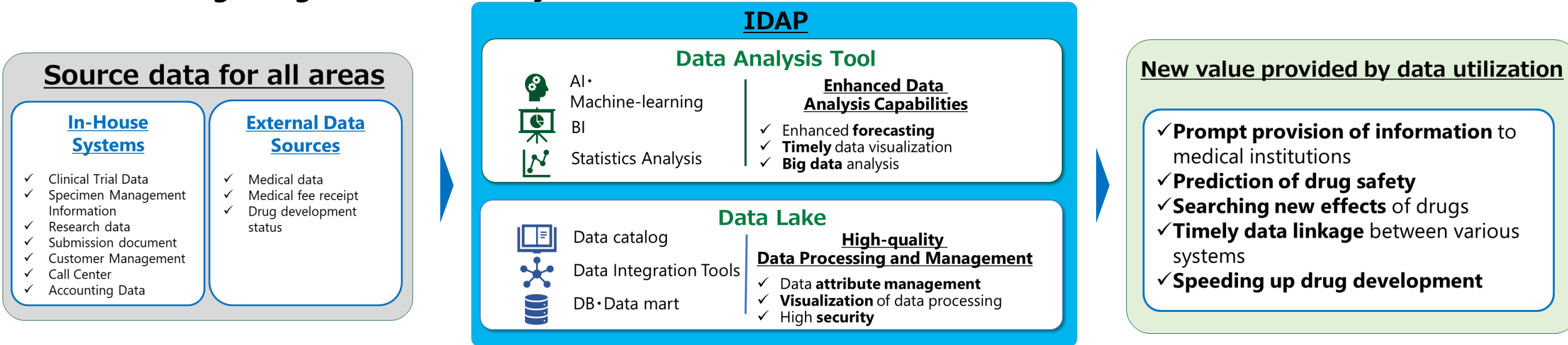
*1 A situation where even employees without specialized knowledge can easily access, visualize, or analyze necessary data, which enables efficient operations and accurate decision-making

*2 Real World Data

Realizing data-driven management ① Utilizing data to create value

We strive to increase the value we provide to patients as well as the value of our products by enhancing our platform for centrally managing, processing, and analyzing data.

◆ Establishing Integrated Data Analytics Platform (IDAP)



Prompt, optimal safety information monitoring in the oncology field

- ① Developing suitable monitoring tools to proactively minimize risks
- ② Integrating, visualizing, and analyzing a huge amount of safety information

- Promoting the proper use of pharmaceuticals
- Contributing to the minimization of patient safety risks

Establishing new evidence by utilizing Real World Data

- ① Generate high-quality evidence from RWD quickly and at low cost
- ② Utilize evidence for drug development, cost-effectiveness evaluation, and clinical research

- Establishing more efficient and effective ways to develop and use pharmaceuticals
- Maximizing evidence necessary for drug development early on

Realizing data-driven management

② Establishing a strong business foundation

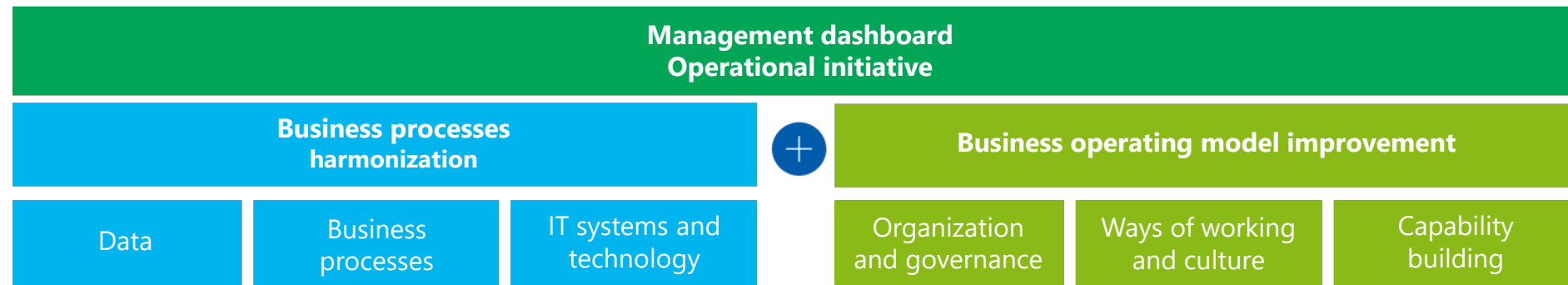
We aim to establish a strong business foundation as a global company by strengthening the data-driven management through the business transformation in Project 4D with renewal of our ERP (enterprise resource planning) system.

◆ Project 4D (Daiichi-Sankyo Data Driven Decision making)

Mission and scope of Project 4D

In order to achieve the Daiichi Sankyo's current 5-year Business Plan and realize the 2030 vision, we strengthen our data-driven management through:

- 1) Enabling speedy and sound decision making based on integrated data and analysis
- 2) Maximizing value of business operations by global business harmonization and streamlining



Transforming our company by utilizing advanced digital technology and enhancing IT platform

By utilizing advanced digital technology and enhancing global IT platform, we will realize acceleration of decision making, enhancement of innovation and sophistication of our business to become an innovative global healthcare company

	Drug discovery	Clinical development	Supply chain	Value Delivery
Value chain enhancement	<ul style="list-style-type: none"> Data-driven drug discovery Establishing a smart lab through the linkage of robotics, software, and AI technology Developing a suitable computing environment 	<ul style="list-style-type: none"> Utilizing eConsent*1 and ePRO*2 to reduce the burden on clinical trial participants Considering the introduction of DCTs*3 that utilize devices and apps 	<ul style="list-style-type: none"> Achieving efficient, accurate centralized management through the use of digital twins*4 Introducing an IT platform that supports our global supply and demand planning and adjustment 	<ul style="list-style-type: none"> Introducing a call center Q&A system that utilizes AI for all products Developing and promoting a PHR*5 app for patients Providing information by utilizing digital channels
Reliability and quality assurance	<ul style="list-style-type: none"> Unifying our quality management process Centrally managing quality-related information at the global level and in real time 			
Entire Group	<ul style="list-style-type: none"> Increasing the efficiency of and standardizing existing operations by utilizing image-recognition AI technology (replacing work conventionally done by people, reproducing expert skills, etc.) Visualizing business processes and utilizing various types of automation technology, including RPA*6 Promoting collaboration between regions and organizations by integrating our communication tools and collaboration platform (document sharing platform) at the global level 			

- Advanced digital technology
- Establishing an IT platform

Enhancing innovation

Increasing the sophistication of our business

Increasing the efficiency of our decision-making

*1 An electronic means of obtaining informed consent *2 Electronic patient-reported outcomes *3 Decentralized clinical trials
 *4 Environments for creating reproductions in digital space based on real-world information *5 Personal Health Record *6 Robotic process automation

Importance of non-financial value

Realizing improved corporate value through capital circulation and important capital (human capital)

Transforming our business model to achieve global expansion and initiatives related to DX, which supports the foundation

Achieving sustainable enhancement in our corporate value

Towards more comprehensive, enhanced non-financial value information disclosure

Given the increasing importance of non-financial value, we are aware of the importance of disclosing information in line with TCFD, ISSB, and other guidelines.
We therefore strive to increase engagement with the market utilizing disclosed information.



Towards improved engagement



Disclosing non-financial information

International legal regulations (CSRD), standard and guidelines (TCFD, ISSB), etc.



Establishing a globally based information collection structure
(Issues: setting disclosed content criteria, promoting in-house understanding, and ensuring the reliability of information)

Global business foundation

Disclosing information based on the TCFD recommendations

Analysis scenarios

We have selected the decarbonization scenario (1.5°C) and scenario in which decarbonization is not achieved (4°C)—both of which are scenarios of the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change)—and, by identifying the risks and opportunities throughout the value chain in the extreme cases of these transition and physical risks, we have organized information on the potential effects on and reliance of our business to comprehensively evaluate the risks and opportunities we face up through 2030 and 2050.

Analysis results and their utilization

Transition risks (1.5°C scenario)

Risks: Although there would be a **limited financial impact** on business activities in this scenario, there is a risk of procurement costs increasing in the supply chain due to carbon tax burden, decarbonization measures, and similar measures.

Measures: Creating opportunities to reduce costs through the avoidance of carbon taxes, etc. by promoting energy saving measures, utilizing renewable energy, introducing decarbonization technology, and cooperating with our business partners

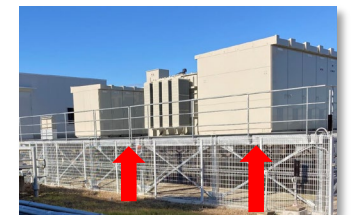
Physical risks (4°C scenario)

Risks: Due to extreme weather disasters and other issues, there are concerns about being able to achieve a stable supply in this scenario.

◇ Major financial impact expected (10 to 30 billion yen)

Supply chain disruptions due to weather disasters, temporary suspension of operations at our sites, bad inventory due to abnormal weather, increased disease due to climate change, etc.

Measures: Strengthening our BCP—including flood damage measures—implementing preventive measures to increase supply chain stability, ensuring diversity, ensuring proper support measures, ensuring alternative measures, etc.



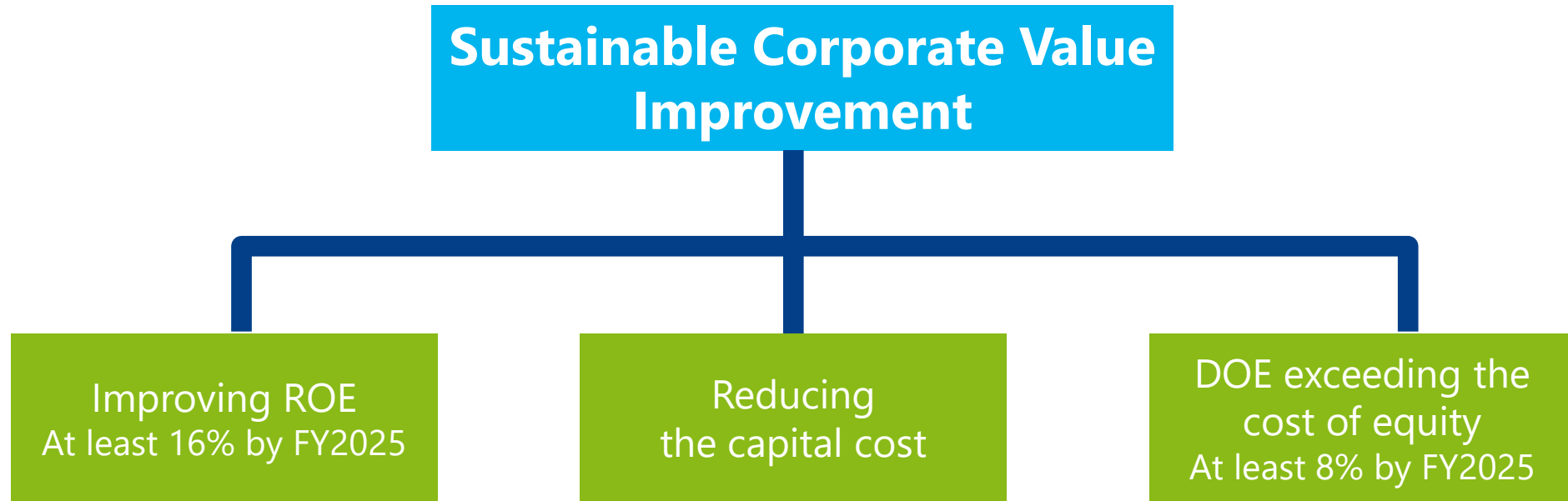
▶ Example of substation facility raising

Governance structure

We will have our EHS Management Committee and Board of Directors manage the Group's progress as a measure against important risks. In addition, we will regularly conduct scenario-based analyses to improve our resilience in line with our 5-year business plan (FY2021–FY2025), changes in the business environment, etc.

Towards sustainable corporate value improvement

As we strive to invest in non-financial capital—including human resources, our most important capital—we will implement corporate management to sustainably improve our financial and non-financial value, including increasing our capital efficiency and optimally allocating management resources.



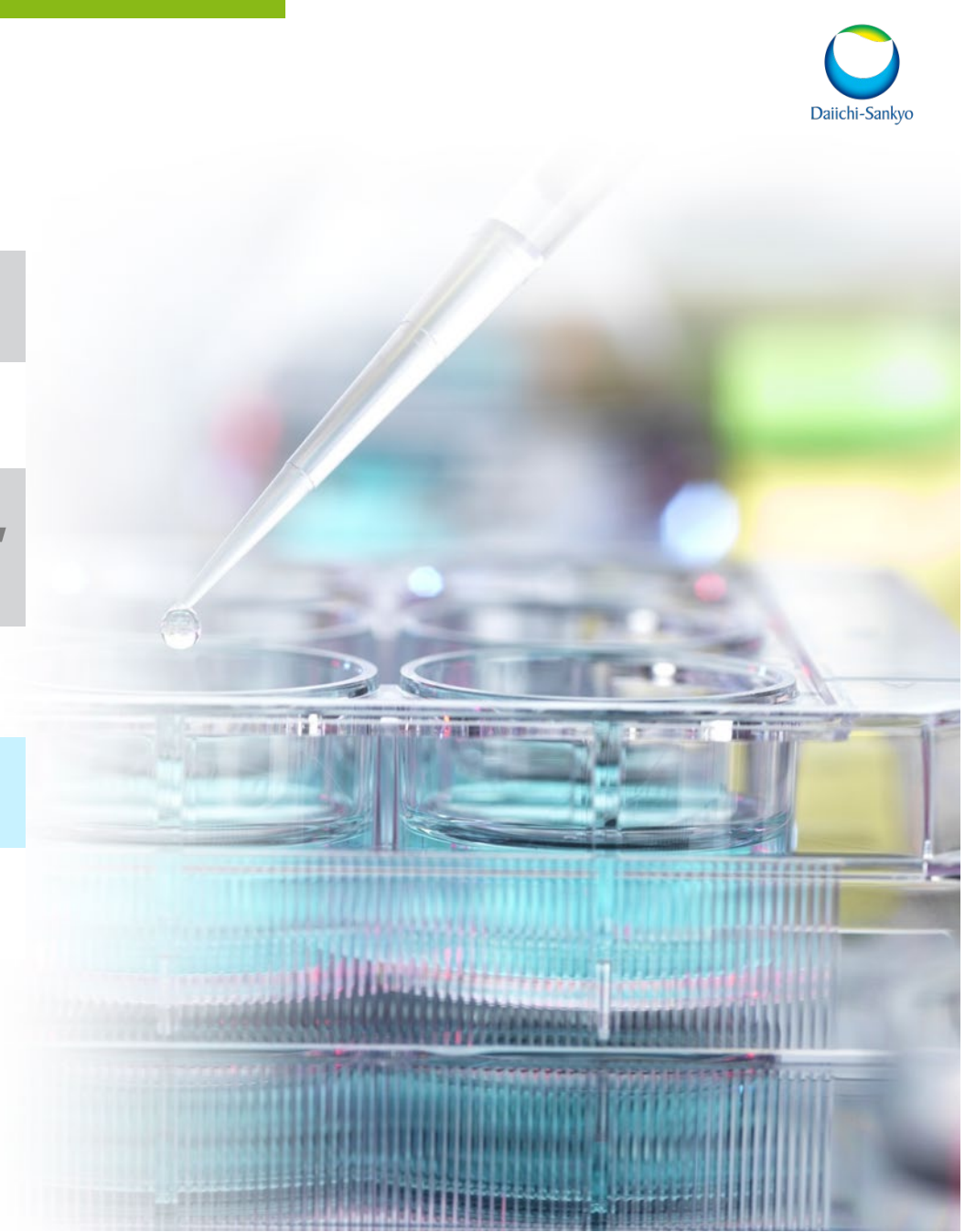
Promoting ESG management to improve both financial and non-financial value in the long term

Agenda

① Progress of ESG management

② Initiatives to improve non-financial value,
which maintains our competitiveness

③ **Appendix**



ESG external evaluations (FY2022)

ESG Indices/External Evaluations		2018	2019	2020	2021	2022	
Dow Jones Sustainability Indices World Index		World 5 th	World 5 th	World 7 th	World 8 th	World Index 6th	Selected for 6 consecutive years
	MSCI ESG Leaders Indexes	BBB	A	A	AA	AA	➔
MSCI	MSCI Japan ESG Select Leaders Index	—	✓	✓	✓	✓	➔
	MSCI Japan Empowering Women Select Index (WIN)	6.78	6.7	7.75	7.6	7.6/10.0	➔
FTSE	FTSE 4Good Index Series	✓	✓	✓	✓	✓	➔
	FTSE Blossom Japan Index	3.9	3.9	3.9	4.0	4.0/5.0	➔
	FTSE Blossom Japan Sector Relative Index						
Access to Medicine Index		18 th	(every other year)	17 th *	(every other year)	17/20 in pharmaceuticals	➔
CDP Climate Change		B	B	A Top 2.8% of sector	A Top 1.6% of sector	A Top 1.5% of sector	Selected as 'A List' companies for 3 consecutive years
SOMPO Sustainability Index		✓	✓	✓	✓	✓	➔
NIKKEI SDGs Management Survey NIKKEI Smart Work		—	★4.5 ★4.0	★4.5 ★4.5	★4.5 ★4.0	★4.0 ★4.5	➔ ➔

Results of TCFD scenario analysis①

Scenario	Change in Business Environment	Risks and Opportunities	Potential Impact on Daiichi Sankyo	Impact*	Actions for Ensuring Daiichi Sankyo's Resilience	Business Risk*
1.5° C scenario (world with advanced transition)	Tightening of policies and regulations related to decarbonization	Introduction of carbon taxes	<ul style="list-style-type: none"> Assuming that the carbon tax rises to 130 dollars/t-CO₂ as of 2030, the annual cost burden will be about 1.5 to 3.0 billion yen. 	Minor	<ul style="list-style-type: none"> Financial impact is limited and will be further minimized by promoting upgraded climate change measures aligned with the 1.5° C target. 	Minor
		Avoidance of the carbon tax burden by introducing renewable energy	<ul style="list-style-type: none"> It will be important to reduce emissions by procuring renewable energy as a countermeasure to the future introduction of carbon taxes and increase in tax rate. 	Minor	<ul style="list-style-type: none"> Avoid the annual carbon tax burden by approximately 1.6 to 3.2 billion yen as of 2030 by making active use of renewable energy. Shift to renewable energy for 100% of electricity used at domestic and overseas business sites by FY2030. 	Opportunity
		Higher cost of introducing renewable energy facilities	<ul style="list-style-type: none"> Energy sources are mainly electricity and gas. Renewable electricity is already being purchased in some areas. Replacing all electricity used within the Group with renewable energy will cost 0.3 to 0.6 billion yen per year. 	Minor	<ul style="list-style-type: none"> Reduce costs by promoting our measures, as additional costs for renewable energy and energy saving facilities are on a downward trend. 	Minor/Opportunity
		Higher cost of energy	<ul style="list-style-type: none"> Decarbonization measures will be implemented by energy utilities, but if installation and operating costs for the measures themselves increase, it may lead to higher energy procurement costs. 	Minor	<ul style="list-style-type: none"> While the cost of fossil fuel-derived energy is expected to rise, the impact is currently limited. 	Minor
		Prices passed on to procurement costs	<ul style="list-style-type: none"> Reducing emissions across the supply chain is important because procurement costs may increase as business partners pass on their own carbon tax burden to prices. 	Medium	<ul style="list-style-type: none"> Work with business partners to reduce Scope 3 emissions, thereby avoiding the carbon tax burden and limiting the rise in procurement costs. 	Minor/Opportunity
	Greater impact of decarbonization efforts on corporate reputation	Enhanced corporate value	<ul style="list-style-type: none"> Our decarbonization efforts are appreciated by ESG investors, which will lead to enhanced corporate value, including a higher stock price. 	Major	<ul style="list-style-type: none"> Improve our reputation by working toward a decarbonized society, proactively respond to TCFD recommendations, and disclose information that meets the expectations of shareholders and investors. 	Opportunity

* The degree of impact is evaluated based on a scale of: Negligible (below 0.1 billion yen); Minor (between 0.1 to 5.0 billion yen); Medium (between 5.0 to 10.0 billion yen); Major (between 10.0 to 30.0 billion). Business risks are comprehensively assessed based on the degree of impact and frequency of occurrence.

Results of TCFD scenario analysis②

Scenario	Change in Business Environment	Risks and Opportunities	Potential Impact on Daiichi Sankyo	Impact*	Actions for Ensuring Daiichi Sankyo's Resilience	Business Risk*
4°C Scenario (world with increasing physical impacts)	Increased frequency and scale of weather-related disasters (such as heavy rain, floods, and typhoons)	Supply chain disruption	<ul style="list-style-type: none"> Heightened risk of disruptions to stable supply. Risk of plant shutdown or decline in sales due to the inability to produce or ship. 	Major	<ul style="list-style-type: none"> Strengthen inventory control to ensure stable supply in the event of a disaster. Purchase from multiple suppliers and consider alternative suppliers for raw materials currently being procured from a single supplier. 	Medium
		Temporary suspension of operations at company sites	<ul style="list-style-type: none"> Key research centers may be flooded (total cost of flooding damage is approximately 9.4 billion yen). While some of our manufacturing bases are located near a river, they are unlikely to be flooded. However, traffic disruption may lead to temporary suspension of operations. 	Major	<ul style="list-style-type: none"> Continue to strengthen our operating bases by conducting flooding risk evaluations in light of our BCP. Strengthen our response and countermeasures for flooding in our emergency drills and establish and verify our flood disaster manual. 	Minor
		Deadstock caused by extreme weather (inundation)	<ul style="list-style-type: none"> Possible damage to product inventory as well as a shutdown of operations due to flooding of distribution centers and other sites. 			
	Rise in temperature	Increased prevalence of diseases associated with climate change	<ul style="list-style-type: none"> Increased demand for pharmaceuticals related to malignant melanoma, cardiovascular, respiratory, and tropical diseases, greater demands and expectations from society. Potential decrease in demand for existing products due to changes in disease structure. 	Major	<ul style="list-style-type: none"> Secure production lines to meet growing demand and strengthen inventory control. Consider conducting research and development, along with the possibility of collaborating with external resources, to address unmet medical needs and diseases for which there is a strong social demand for treatment, including structural changes in diseases and pandemics. 	Medium/ Opportunity
		Increase in air conditioning costs	<ul style="list-style-type: none"> In principle, our operations are performed indoors at our head office, research and development bases, and manufacturing bases, so the cost of air conditioning is expected to increase as the temperature rises. However, the impact will be limited. 	Negligible	<ul style="list-style-type: none"> Continue to improve energy efficiency, although the financial costs are within an absorbable range and their impact is small. 	Minor
		Increase in insurance and BCP costs	<ul style="list-style-type: none"> Fire insurance premiums are already on the rise due to the growing severity of wind and flood damage caused by rising temperatures. However, prospects for future premium increases are limited. 	Negligible	<ul style="list-style-type: none"> In Japan, flood frequency is expected to increase by a factor of 4 when the temperature rises by 4°C. However, even if insurance premiums rise several times as a result, the financial impact will be negligible. 	Minor
		Water shortages	Temporary suspension of operations at corporate bases	<ul style="list-style-type: none"> Plants in China and Brazil are at greatest water withdrawal risk and are likely to be shut down because of flooding Possibility of unexpected short-term drought at other locations. 	Medium	<ul style="list-style-type: none"> Promote drought countermeasures such as installation of rainwater tanks and use of recycled water. Consider emergency supply measures, such as using other manufacturing sites and outsourcing manufacturing, in line with trends in pharmaceutical regulations in the event of a prolonged drought.
	Loss of biodiversity	Reduced productivity of products derived from natural compounds	<ul style="list-style-type: none"> If production is halted due to unavailability of raw materials caused by the loss of biodiversity, the expected annual loss will be approximately 2.0 billion yen. 	Medium	<ul style="list-style-type: none"> Take prompt action before the risk materializes, as we have secured several years' worth of inventories for raw materials. 	Minor

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